

THE FUTURE OF THE  
BRITISH EMPIRE  
AFTER TEN YEARS

TO-DAY, TO-MORROW AND AFTER

THE FUTURE OF MORALS

*By* C. E. M. JOAD

THE FUTURE OF SWEARING

*By* ROBERT GRAVES

THE FUTURE OF TABOO IN THESE ISLANDS

*By* ARCHIBALD LYALL

THE FUTURE OF MARRIAGE

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THE FUTURE OF THE BRITISH EMPIRE

*By* F. C. S. SCHILLER

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OF THE  
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## PREFACE

THE original name of this book in the *To-day and To-morrow* Series, for which it was written, was *Cassandra*. Its original date was 1926, and a second edition enabled me to revise it and to bring it up to 1928. Part II represents reflection upon the events of the last eight years. Essentially it is an exercise in the art of rational prediction, which has become so popular in these days, and of which Mr. Bernard Shaw and Mr. H. G. Wells are the most illustrious masters, although in the *To-day and To-morrow* Series its principal exponents were Lord Russell and Professor J. B. S. Haldane. My own interest in this art, however, is largely philosophic and theoretic, being concerned with its bearing on the theory of truth and the paradox which prophecy involves. Those interested in this aspect of the matter may be referred to *Cassandra's Apologia*, Chap. XV of *Must Philosophers Disagree?* The other aspect of prophecy is to serve as a warning, but for this practical purpose it cannot claim much value. For prophetic

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warnings, especially if unpleasant, are hardly ever heeded. The reason for this, however, is not (as in Cassandra's case) the malice of an insulted deity, but simply that the public does not read salutary and improving books and that those who could *write* them so rarely do.

F. C. S. SCHILLER.

LOS ANGELES.

*September, 1936.*



# THE FUTURE OF THE BRITISH EMPIRE

## PART I

### I. THE PARADOX OF PROPHECY

A POLLO can hardly have foreseen all the consequences of endowing Cassandra with prophetic power. He can hardly have foreseen, for example, that the artful hussy would refuse to keep her part of the bargain, and would cheat him of his *quid pro quo*. And he may not have found it quite easy to dismiss from his mind all the unpleasant predictions which, no doubt, she proceeded to make about *him*, such as that he should lose his popularity as a god, fall from his divine estate, and be turned into a butterfly.<sup>1</sup>

But there is no reason to think the condition he added to his gift when he found how he had been tricked, viz. that though all her prophecies should come true no one should believe her, was merely an expression of just indignation or

<sup>1</sup> *Parnassius Apollo.*

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divine spite. It was really a matter of necessity and of course. For it is, after all, a condition to be imposed on *all* prophets of evil, and unless they submit to it, they cannot prophesy truly. Apollo himself was in the same position with regard to his father Zeus. If he had not been content merely to foresee the consequences of the latter's policy, but had rashly pointed them out, *and been believed*, he would have interfered seriously with the course of events. He would have trenched on Zeus's prerogatives, and would have become the real director of his policy. For in that case, whenever the consequences Apollo foresaw were *bad*, Zeus would have evaded them by altering his plans. And then, of course, the aforesaid consequences would not have come about. Apollo, therefore, though becoming an essential ingredient in Divine Providence, would have been a *false* prophet.

It is clear, therefore, that a prophet who values his reputation has a choice only between two alternatives. He must either be content to foresee and say nothing about it to anyone, cultivating his purely theoretic knowledge without a thought

## THE PARADOX OF PROPHECY

of intervening in the course of affairs, or in other words must adopt the ideal of the pure professor; or else, if he wishes to speak out and to have the satisfaction of saying "I told you so!" after the event, he must stipulate that his prophecies of ill shall not be prematurely credited. Thus he must put himself in the position of Cassandra. For should he be believed, his warnings may be acted on, and then will, almost certainly, alter the course of events which they tried to predict; and thus they will *falsify* themselves.

Such prophecy therefore would seem to involve a very pretty paradox. It will not do to pooh-pooh the prophet of evil. For to disbelieve him (and to act accordingly) is the surest way to justify him. He must be believed, or else the evils he foresees will come to pass. Thus his prophecies will be either true or useful, but not both. Prophecies which come true are never credible and quite useless, while prophecies which come false may be worthy of all credence and may prove extremely valuable. This throws a new light on the universal human practice of stoning true prophets and honouring the false. Cassandra

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has surely to be numbered among the early martyrs of science!

Nevertheless, prophets are not easy to discourage. Their profession is too fascinating, in both its branches. Its major branch, that of prophesying smooth things, is extremely popular and well remunerated, being conducive to influence, power and the highest honours. For the people is ever willing to be deceived, and values "optimism" as a virtue. But prophecy in a minor key also has abundant attractions. For whereas fortune-telling is still an indictable offence, *misfortune-telling* is not. So the prophet of ill has been with us from the beginning, and has usually received enough justification from the course of events to continue his competition with the optimist.

The followers of Cassandra naturally recruit themselves among the aged. These are psychologically prompted to think that "the country is going to the dogs",<sup>1</sup> because they are losing

<sup>1</sup> I greatly hope that before this series of booklets comes to an end, someone will have the courage to write a *Cerberus*, or *Are we going to the Hellhounds?*

## THE PARADOX OF PROPHECY

their grip on its affairs, and look back with regret on the good old times when *they* were young and were having a good time; or, more subtly still, because it pleases them to believe that the world they feel themselves about to quit is destined to destruction, or at least is about to fall upon evil times. There is therefore immense consolation in contemplating the clouds on the horizon, and in cherishing forebodings of evils which will not overtake the seer.

But the right way to take these Cassandran prophecies is not to denounce their authors as pessimists and to disbelieve and disregard them, but to take them as salutary warnings, as revealing dangerous possibilities which, with skill and foresight, may be prevented from growing into anything more. Forewarned is, or may be, forearmed: so the right way to refute the prophets of ill is to take their advice!

It is with such an attitude of mind that the prospects of the British Empire are best considered. But before we attempt to forecast the future, it will be well to bestow a glance on the past and the present.

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### II. THE PAST

THE British Empire owes its rise to greatness primarily to the qualities of its peoples, and after that mainly to the wise limitations its rulers imposed on their ambitions. It is true that for nearly four centuries the various sorts of Frenchmen who ruled England after 1066 tried persistently to make it conquer France for them; but their continual attacks resulted only, as Mr. Bernard Shaw has recently reminded us, in developing the national spirit of the French. France became the first and greatest example of the modern nationalistic State under the constant stimulus of foreign attack and oppression; and militant nationalism has since been manufactured all the world over according to the same recipe. The Welsh dynasty, however, which succeeded the Plantagenets, adopted the twin principles out of which the British Empire's greatness grew, and on which it still rests, viz. the cultivation of Sea Power, which rendered England unassailable at home, but the implacable enemy of any Power

## THE PAST

(great <sup>1</sup> or small <sup>2</sup>) which threatened her naval preponderance, and an attitude of aloofness from the squabbles of European Powers, which no longer aimed at continental conquests, but was content with small islands and naval bases, and beyond that intervened only to preserve a balance of power on the European continent and to prevent its unification into a single empire. This salutary policy left the British peoples free to devote their energies to colonization and commercial expansion; and both of these were secured by their sea power, and in turn augmented it. The British Empire grew steadily, and gave no sign of having overgrown its strength.

The originator of this sagacious policy appears to have been Wolsey; but for nearly 400 years British statesmen faithfully followed in his footsteps, except for a brief period when the (Scottish) Stuarts sold themselves to France in order to become autocrats at home. Not that serious mistakes were not made at times: Cromwell, though he established British naval supremacy over the

<sup>1</sup> E.g. Spain, France, Germany.

<sup>2</sup> E.g. Holland, Denmark.

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Dutch, erred in continuing to think Spain the enemy and in failing to perceive the growing power of France. And the colonial policy which led to the breaking away of the United States was of course a big blunder which cost the British Empire dear, and proved all but fatal. Still, in 1914, this great institution was to all appearance sound, greater, richer, more powerful, and more peaceful than ever.

Then came the Great War, and Britain blundered into it as helplessly as everyone else. It is possible, but not certain, that a stronger and more skilful diplomacy, more mindful of well-tried traditions, could have averted the catastrophe. But there is little doubt that British statecraft was at fault both in the conduct and in the conclusion of the War. The War was fought to a finish, regardless not merely of the cost, but also of policy. Complete victory crowned unprecedented efforts.

But has the result been to *strengthen* the British Empire, and to launch it on a new era of peace and prosperity? Surely the host of difficulties which now beset it, sapping its strength and



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threatening its continuance, shows that there was something unsound about the policy pursued. It may be, indeed, that to some extent these difficulties would have arisen in whatever way the War had been ended: but this only shows that the whole war policy was a mistake. Certainly if the Allies had won the easy and rapid victory which was at first expected, the result would have been a complete disappearance of the balance of power. Russia would have seized Constantinople and dominated Europe to the Rhine and Asia to the Nile, and turned the Black Sea and the Baltic into "closed seas"; she could then have proceeded at her leisure to sever the vital links of the British Empire. A complete German victory was rendered impossible by the British Fleet; but if Germany had by any means contrived to escape the destruction which her rulers' insanity so foolishly courted, at any rate the balance of power would have been preserved. She would still have remained confronted by France and Russia and tied to two "corpses" in Austria and Turkey. She would have had something very like a revolution and a civil war, and

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in any case would have had no money to indulge in further fleet-building. And a "draw" of any sort would have discredited the war-makers everywhere, and would not have generated the exacerbated nationalism which makes it so doubtful whether Europe will ever settle down again.

Whatever may be thought about the War, it will be generally admitted that British statesmanship failed completely in the making of the peace. Not only did it abandon *both* the cardinal principles of British policy, naval supremacy, and the balance of power, but it sacrificed security as well; for it has left the British Empire at the mercy of one foreign power, and its capital at the mercy of another. At present both these powers are friendly, and the sword of Damokles remains suspended over our heads; but that the British Empire is in a more precarious state than ever it was before the War will easily appear from a survey of the present posture of affairs.

### III. THE PRESENT

THAT the balance of power is gone is manifest. Politically Europe is dominated by France, as it

has not been since the acme of Napoleonic power—with the difference that there is now no Russia and no power that could conceivably challenge French hegemony. If M. Poincaré had had the nerve to order his black troops to occupy Berlin in 1923 or to make a *coup d'état* in 1924, no one could have stopped him—least of all ourselves. For the French air fleet was then ten times as strong as ours, and from Boulogne to London is an easy hour's flight for a bombing aeroplane.

Why the political security a balance of power gives was sacrificed no British politician has yet explained—our politicians, unlike those abroad, have mostly been too prudent to give themselves away by attempting self-exculpation.<sup>1</sup> Yet it seems very obvious that to guard against our present insecurity it was only necessary, either to make France disarm as well as Germany, or to leave Germany strong enough to be a check on France. Intelligent statesmanship at the end

<sup>1</sup> Except Sir George Buchanan. Lord Oxford has merely restated what he wished the British public to believe, and let out nothing. Lord Grey has endeavoured merely to represent himself as a simple-minded English gentleman, who understood foreign ways as little as foreign speech.

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of the War would thus have left England the arbiter of Europe.

Outside Europe one effect of the War has been enormously to accelerate Asiatic revolt against European domination. The great dependencies, India and Egypt, are growing daily more restive and disloyal, and may easily grow into a source of weakness, not of strength, for the British Empire. The Dominions, though still loyal enough in sentiment, are feeling their growing power, and are growing less and less inclined to take their foreign policy from London.

Naval supremacy was sacrificed as irretrievably as the balance of power, but for far more cogent reasons. Its loss could have been avoided only by making peace in 1915. For in 1916 the United States, enriched by the War and with their militant instincts aroused, seized the opportunity to begin building a fleet "to lick creation". In their war-blindness British statesmen failed to see that the menacing fleet which had challenged British command of the seas, and had disappeared beneath the waves at Scapa Flow, was emerging smiling on the other side of the Atlantic. It has

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emerged *smiling* so far; and well can America afford to smile. For never again will Britannia rule *all* the waves,<sup>1</sup> nor will the budding Nelsons and Fishers of her Admiralty ever suggest the "Copenhagening" of that fleet. Lucky will she be if her own can pilot her essential food supplies through the home waters; wise she would be if she now accepted America's thesis about "the freedom of the seas".

Thanks to the War, we had not the money to build against America, and probably never shall have. We have had therefore to resign ourselves to hold our Empire by the tenure of America's good will. By 1921 it was clear that the utmost to be attained was to get America to desist from building a *superior* fleet, and to content herself with an *equal* one. But an equal fleet is in effect superior. For the American fleet has nothing to protect that is of consequence to America, except the Panama Canal; whereas the British fleet has everything to protect, and is the material bond

<sup>1</sup> Unless, of course, America should foolishly give us a chance of recovering our position by plunging into the great Pacific War her scaremongers are always conjuring up.

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which holds the Empire together and preserves us from starvation.

From a military point of view also our position has deteriorated greatly. Thanks to the aeroplane, Great Britain has ceased to be an island and has lost her immunity from invasion. It is an ominous geographical fact that she is surrounded on three sides, south, east, and west, by potential bases for air attacks, within easy bombing distance. But for the War this danger might never have arisen, or at least have grown only gradually and slowly.

Industrially the War has done much to aggravate our troubles. Together with the Russian revolution it has very seriously upset our workers, reduced the quantity and the quality of their output, and enormously increased costs of production. It is no wonder that our export trade languishes and that we are growing accustomed to having anything from a million unemployed upwards. For many markets have been lost, some from the impoverishment of former customers, more from the competition of converted munitions factories, others by our own

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greed. For during and after the War the British Government controlled British coal and profiteered outrageously. Both allies and neutrals found they had to pay through the nose for British coal and were forced in consequence to bethink themselves of ways of doing without it. They began to develop their water-power, and on top of this the Government agreed to let the former get German coal cheap, by way of "reparations", and so destroyed the export markets of British coal. Fortunately political considerations have so far hindered the deadliest peril to our manufacturing position, the union of French iron with German coal; but our markets are contracting all the world over. The industrialization of the East, of India, China, and Japan, is proceeding apace, and the Dominions are more determined than ever to manufacture for themselves. Everywhere else nationalistic protectionism is triumphant, and it is no wonder that the belief in free trade is visibly waning in England itself. Protection, however, though it may secure the home market, is no way of capturing a foreign one; and yet, unless we can export manufactures, we are over-

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populated, and must starve. Would not a far-sighted statesman therefore have renounced the War debts, which anyhow are not likely to be paid, in return for commercial treaties which would have opened markets for our export trade?

*Financially* the supremacy of the London money market has been badly shaken, and appears to be slowly fading away. It is true that by a prodigious effort the gold standard, lost during the War, has been restored and the pound has not gone the way of the mark, the rouble, the lira and the franc; it can once more look the dollar in the face—even though it has still to look up to it from a respectful distance. But the great weight of metal (gold) behind New York is slowly shifting the world's financial centre of gravity across the Atlantic. New York has the initiative, and when it raises its bank rate London has to follow suit. New York is able to offer more money to borrowers than London, and upon better terms. The South American loan market has had to be conceded to New York, and even British Dominions are being forced to float their loans there. London could not take



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more than a quarter of the big £20,000,000 loan wanted by Australia recently; and seeing that new countries constantly need capital for their development and that the financial bond has always been one of the strongest forces making for Empire unity, this new orientation is politically ominous.

From whatever angle then it is viewed, the condition of affairs seems thoroughly uncomfortable. The British Empire is at present the most ramshackle empire on earth, *vice* Austria exploded. It challenges all Cassandran instincts to prophesy about its future.

## IV. THE FUTURE

THREE great dangers clearly beset the Future of the British Empire, each of them affecting and aggravating the others. The first is the Labour Problem in Britain, the second is Britain's European entanglement, the third is the permanent strain which this puts upon the cohesion of the parts of the Empire. For (a) the Dominions do not (and cannot) feel an equal concern in European affairs, but (b) are driven alike by sentiment

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and interest to approve rather of the American attitude towards Europe, while (c) as regards non-European questions also they tend to take the American, and not the British, view. They tend therefore to drift away from Britain and towards America, with whom (d) they cannot afford to quarrel, whereas they could sever their connection with England to-morrow with complete impunity and without the least loss of security.

## V. THE LABOUR PROBLEM

THE Labour Problem is the oldest and biggest of our bogies. It has its roots deep down in the widespread and profound ignorance of economics which has rewarded the lamentably successful efforts of professional economists to render their subject more "scientific", i.e. more technical, and therefore unintelligible to the vulgar. The notion that the productivity of industry determines its remuneration is consequently voted out of date; capital and labour vie with each other in restricting output and calling canny. The conception of economic law as something inherent in the nature of things has been lost, and been supplanted by

## THE LABOUR PROBLEM

a notion that any measure can be converted into economic law if only a parliamentary majority can be induced to enact it. Hence the economic relations of the social order have fallen a prey to politics, and democracy has set itself to make or to improve economic laws. The politically potent portions of the community are making laws in their own interest, and using their political power to procure themselves economic advantages regardless of consequences, and without counting the cost. To all appearance with a great measure of success. Wages are raised and wealth is levelled. No one seems to realize that economic laws cannot be defied with impunity: such defiances have always in the end to be paid for by the community, and too long and too severe a drain on its resources must end in economic collapse.

The beginnings of this process ante-date the War; it may be said to have begun when organized labour was given the power to hold up the community, and when progressive taxation began to be used as a means of redistributing wealth. But the War enormously accelerated the process, and the propaganda, intended to keep up the

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fighting spirit of the workers, did all it could to encourage the delusion that there was no natural connection between the productivity and the wages of labour. For during the War many economically unsound things were done, for which the payment was postponed to a more convenient season. Also so many men were drafted into the army that high wages were paid even for inferior labour, and the prosperity of the workers seemed to be bound up not with the production of wealth, but with its destruction. Thus the soil was prepared for a copious crop of economic illusions.

Politicians of all parties set themselves to raise it. Fears of revolution and of the contagion of Russian Bolshevism led them to yield to the outcry for higher wages and shorter hours without regard to production: they therefore instituted the dole for the unemployed and conceded to the "sheltered" trades and industries rates of wages which were hardly earned even in the war-time "boom", and never came down afterwards, when the price level sank and the paper pound was deflated. In so far therefore as the services of the

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sheltered industries were required by the unsheltered, which produced for export and had to bear the full brunt of foreign competition, the latter found their costs of production permanently increased and their ability to compete diminished. This was one reason why British goods became too dear to be marketable, though no doubt the depreciation of so many currencies and the impoverishment of so many countries were even more potent. But the abject weakness of all politicians in dealing with "sheltered" labour was most amazingly revealed by the successful refusal of the building trade to permit any of the millions of unemployed to build the thousands of houses which were admittedly an urgent national need. No wonder that more and more industries tried to take shelter, and demanded either protection or subsidies.

But a little reflection might have shown that neither of these devices can meet the needs of a country which makes its living by exporting manufactures. Protection, if it is high enough, may assure the home market to the protected industries, but it tends to handicap exports, both

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by removing the stimulus of competition, and if the protection is general, as it always tends to become, by enhancing the cost of all manufactures. Subsidies have of course to be paid out of the public purse, or, in other words, come out of the tax-payer's pocket. Thus the subsidized industries become parasitic on those which are still paying their way, while the additional taxation imposed on them is a burden on the more prosperous, and increases their costs and their difficulties. Hence the more subsidies are given or extorted the more are needed, and the more nearly industry as a whole approaches economic collapse.

The palmary example up to date of the tricks politics play with economics is exhibited by the coal trade. As coal is normally the most available source of power for industrial purposes in general, the demand for it naturally rises and falls with industrial activity in general. As moreover it is a product of mining, its price is determined by the cost of extracting it from the *poorest* mines which have to be operated to supply the required amount of coal. This, of course, means that when

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for any reason the demand for coal increases it becomes profitable to work poorer mines and necessary to employ more miners, while the richer mines make abnormal profits: conversely, if the demand for coal falls off, prices sink till it becomes impossible to operate the poorer mines, while the richer ones yield smaller profits, and the industry as a whole requires less labour.

Now, during the War, coal was a vital necessity<sup>1</sup>: the coal-producing countries needed all the coal they could raise, irrespective of the cost of production; as they had mobilized many of their younger and more efficient miners they raised it at a greater cost, which of course was bound

<sup>1</sup> One of the chief causes of the collapse of Russia appears to have been a shortage of coal. Before the War Russia drew 15 per cent. of her coal supplies from the Polish coalfield on the German border, imported another 15 per cent. from England and Germany, and produced only 70 per cent. in the interior, chiefly from the Donetz coalfield. As on the outbreak of War coal imports stopped and the Germans occupied the Polish coalfield, coal shortage began at once. On top of this the Russian Government mobilized its coal miners (although it had no arms for them!) with the result that it had not coal enough either to transport its armies or to carry food supplies to Petersburg. Hence defeat, starvation, and revolution.

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to come down again after the War, when the younger men returned to the mines. The countries on the other hand which produced no coal found during the War that they could get next to no coal at all, and had to pay exorbitantly for what little they got. Hence countries like Norway and Switzerland (and subsequently Italy and Austria) were driven to develop their water-power as well as their scanty resources in coal. When coal prices fell again (a process which was delayed for a time by the French invasion of the Ruhr), their coal mines mostly ceased to be operated, but their water-power installations, which are not expensive to work once they are set up, have permanently restricted the demand for coal. The same effect was produced by the cessation of the lavish non-productive demand for coal for the moving of armies and the making of munitions, by the failure of trade and of industrial production (thanks to the economic follies of the Peace Treaties) to recover their pre-War dimensions, and by the growing substitution of oil for coal as a propellant for ships.

Now the normal economic consequence of the



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diminished demand for coal should have been that the poorer mines should have gone out of operation until an equilibrium between supply and demand was restored, until, that is, the better mines sufficed to supply all the coal that was needed at prices they could afford to sell at and the other industries could afford to pay. But political interference would not admit of this natural adjustment. It would throw the superfluous miners out of work. They must all continue to be employed at a "living wage", such as the politicians had promised everyone during the War, and the nation must guarantee this as a minimum. Nor must any extension of their hours of labour, which had been reduced to seven a day when they were in a position to dictate terms, be allowed to lessen the artificially enhanced cost of coal. The miners had too many votes, and their alliance with the railwaymen gave them the power to paralyse the industry and transport of the whole country. So masses of unneeded coal continued to be piled up at the pit-heads, unsaleable because too dear. And as the coal owners could not operate most of the mines under such con-

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ditions, they naturally threatened to close them down altogether.

So the politicians had to intervene once more and to subsidize the whole industry, assuring to the miners their wages and to the owners their profits out of the public purse, until such time as the Government could make up its mind either to allow economic laws to have their natural effects or (as seems far more probable) to take over the mines itself, and to devise some practicable scheme for operating them. But the latter alternative will only make the present crisis chronic, and gives no guarantee whatever that the mines will so be operated as to produce coal at such prices as will nourish industry at home or find a market abroad. In short, the coal industry, once our main source of economic strength, has now turned vampire and fastened itself on the nation to suck the life-blood of its industry.

At any rate the coal subsidy means that all industry is taxed and handicapped in order that foreigners may be induced to buy our coal more cheaply than it is produced. Coal miners are to continue to get their wages, and coal owners their

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profits, while, as a nation, we sell our coal at a loss. Yet coal is a most important part of our national capital, and is a wasting asset! What can be the end of a people which conducts its economic life upon such principles?

There is always the Dole, perhaps it will be said. Let us universalize that. We can have doles for the unemployed, the sick, the old, for mothers (without any indiscreet *recherche de la paternité* of their babes), for industry, for trade, for education, for science, nay even for the Empire. Indeed we already have a good many of them. So a policy of doles for all would assuredly please all parties and catch many votes. Accordingly the Dole shows every sign of remaining permanent; but none that it will prove the solution of our labour troubles. On the contrary the longer it goes on the more will be demanded, the more it will demoralize, the larger the section of the nation which will receive it, the smaller that which can pay it. In the end it will pauperize us all. And even long before the end is reached the social policy of which the Dole is a conspicuous part will have produced a growing scarcity of capital,

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comparable with that by which Bolshevism has paralysed Russia: for the classes for whose benefit this policy is said to be pursued are not themselves in the habit of saving, and hence very unlikely to recognize the need for the process by which capital is created: so the socialistic State will not be able to create or preserve reserves of anything. In times of peace that will not be fatal, perhaps, to the socialistic State; but in a war, whether offensive or defensive, a country must spend its savings and pledge its future, and the socialistic State will find it has neither savings of its own nor credit to borrow those of others.

Thus the Dole seems quite likely to play in the economy of the British Empire the same fatal part as the Corn Dole played in the history of the Roman Empire; with the difference that it will lead more rapidly to ruin, seeing that the beneficiaries it corrupts will not be merely the mob of the capital but the workers of the whole country.

Assuming therefore the political methods and wisdom of the day, the Labour Problem must be pronounced entirely insoluble.

## EUROPEAN ENTANGLEMENT

### VI. THE EUROPEAN ENTANGLEMENT

THE so-called Peace Treaties of 1919-23 (from Versailles to Lausanne) in no wise formed a stable settlement of European affairs. They promoted rather a general unsettlement of which the consequences, economic and political, will endure until the next convulsion, which they are admirably calculated to precipitate and aggravate. It is quixotic to expect peace and prosperity to return to the European body politic poisoned by the toxins of the Peace Treaties. These Treaties settled nothing, not even "reparations" and War debts, and they unsettled the whole economic order by drawing fantastic frontiers, which broke up trade units and defied all canons of economic rationality.<sup>1</sup> Intentionally or otherwise, they multiplied every sort of political, economic and social sore and created a maximum amount of instability and friction. They are thus well fitted to generate fresh convulsions, which will be

<sup>1</sup> The tadpole-like shape of Czecho-Slovakia is perhaps the funniest thing on the maps, which are usually too small to show the grotesqueness of the partition of Fiume.

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economic or social, if they cannot be political, and nothing short of a completely new organization can restore prosperity to Europe.

The fundamental fact which such a reorganization should bear in mind is that Europe is a relatively small area inhabited by a great mixture of peoples, with different languages, traditions, cultures, and histories, who have to live and trade together, if they are to prosper. The form of political organization, therefore, indicated by these conditions is a (rather loose) federation of States, on the model of Switzerland, divided into a large number of constituent cantons, conceding to each of them extensive self-government, respecting each others' rights and tastes, as the Helvetic Confederation does those of its Germans, Frenchmen and Italians, and establishing complete internal freedom of trade. Instead of which actual Europe is a tragic object-lesson of the consequences of sacrificing all the goods of life to the ideal of the National State. The National State shuts itself off from human intercourse with all its neighbours by high tariff walls and vexatious passport regulations, and sedulously culti-

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vates international hates. It is an insuperable obstacle to free trade and prosperity. It has two sacred and indefeasible duties. The first is to include within its borders all its nationals, and to foment "irredentist" agitations until they are all included: the second is to oppress all those who do not share in the dominant nationality, and to force them to adopt it by every form of pressure.

As a consequence of adopting this ideal of nationality, most of the European States are in a permanent state of internal strain, more or less severe according to the numbers and character of the alien populations they are trying to assimilate by force, much as a few centuries ago they were distracted by religious differences. The fact that the harmfulness of this strain is not recognized as a source of weakness, and that many of these National States have aspired, and still aspire, to be imperial powers as well and to extend themselves beyond their national borders, without perceiving the contradiction between the imperial and the national ideal, gives the measure of the political wisdom of the rulers of Europe.

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In a Europe thus distracted by the irreconcilable ambitions of rival nationalities England is entangled more completely than ever before in her history.

As a result of the War and the Peace she has been involved in three distinct sets of complications which tie her hands, strain her resources, and endanger her Empire.

In the first place she has not only undertaken vast, though vague, obligations as a member of the League of Nations, and (even though she has so far rejected the Protocol) this would in practice mean placing her fleet at the disposal of the League and doing most of its dirty work, but she is about to assume additional and very specific commitments in guaranteeing sundry "Security Pacts" which betoken, not so much a change of heart in European statesmen, as a tardy perception of the imperative need of having securities which can plausibly appeal to the American investor.<sup>1</sup> Nor will her guarantee be an altogether voluntary or gratuitous undertaking; for it is the only means she has of inducing

<sup>1</sup> See p. 54.



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France to abstain from exercising the right she claims under the Treaty of Versailles of invading Germany at will, and thereby producing an economic chaos in Europe very damaging or destructive to British trade. For the moment this right is in abeyance, while the Dawes Scheme is being tried, to which M. Poincaré had presumably to consent in order to obtain American credits wherewith to arrest the fall of the franc in 1924: but when the Dawes Scheme fails, as for economic reasons it is very likely to do, and when the French consent to put their finances in order, as M. Caillaux may persuade them to do, this anarchic claim may be revived any day.<sup>1</sup> Hence a British endorsement of any Security Pact the French may require is an economic necessity.

But in the second place, even apart from such a Pact, England has lost her freedom of action as regards European affairs, and become dependent upon French policy. France fully realizes that

<sup>1</sup> In the end it was M. Poincaré who effected the first devaluation of the franc to about a quarter of its former value. A second devaluation has long been prophesied, and may occur any day.

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some of the arrangements of the Peace Treaties are so difficult to defend that British assistance is highly desirable, and is therefore fully determined to obtain it. Moreover, the geographical position of the British Isles, and the provisions of the Peace Treaties, render it almost impossible to resist French pressure. What this means is (amongst other things) that sooner or later England will have to fight to defend the eastern frontiers of Poland against the attack which Russia is bound to make upon them so soon as she recovers from her Bolshevik madness. Thus the upkeep for all time of the Peace Treaties is a millstone round our necks and a heavy liability which, both politically and financially, may overtax our strength.

But our obligations were not all undertaken *pour les beaux yeux de la France*. Our traditional antagonism to Russia seems to have inspired a third set of commitments. A glance at the map shows that one of the great achievements of the Peace Treaties was to cut off Russia from the Baltic, and to dot its eastern shores with little States that can look for protection against Russia

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nowhere but to England. The same policy pursued towards Poland has resulted in the creation of the Free State of Danzig. Danzig, Lithuania, Latvia, Esthonia and Finland are all of them British *protégés*, being easy of access from the sea and (like Greece) at the mercy of sea power; but their defence has none the less become a grave British liability. Similarly the Treaty of Lausanne achieved the opening of the Straits to the British fleet, and gave us the power to recommence the Crimean War whenever we were so minded.<sup>1</sup>

The rulers of Russia perfectly understood these threats, and made the best countermoves in their power.

Their first countermove was merely to adopt the first line of Bolshevik defence. It consists in an attempt to sap the internal strength of their enemies by exploiting the social discontent existing in the countries under attack. This method

<sup>1</sup> Now that Mussolini may desire to have Constantinople as the second capital of his restored Roman Empire, the Turks have had to be allowed to refortify the Dardanelles [1936].

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is indeed of universal application; for Bolshevism is the enemy, naturally and on principle, of the social order existing everywhere else. But the Communist plots and agitations which Moscow is able to foster become dangerous only where the social conditions are rotten, and the Government attacked is weak and foolish. And, unfortunately for themselves, the Bolsheviks largely destroyed the spell which their policy exercised over the masses abroad by their economic mismanagement of Russia itself. The great famine of 1921 convinced the more intelligent workers everywhere that Communism was not a short cut to the millennium; and so made Lenin the saviour of civilization. In England there has not since been any serious danger of a Communist revolution. Bolshevism serves only as an invaluable bugbear, which plays into the hands of the Conservatives and enables them unexpectedly to win elections. This is not to say, of course, that under *no* conditions could England become ripe for social revolution. But it would probably require another decade of bungling and mismanagement before the danger grew imminent,

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and even then violence would not be necessary, because our political evolution is quite revolutionary enough already. In any case the Bolshevik appeal failed in England as it failed everywhere else.

Their second move was very clever, and more successful. It consisted in making Russia the champion of Asiatic nationalism against British imperialism. This artful policy has already cost us dear. It has restricted the British sphere of interest in Persia to the indispensable oilfields of the South. It has struck a heavy blow at British trade in China. It has made some mischief in India, and is likely to make more. It may cause trouble among the Arabs any day. In short, unless British administrators recover the art of ruling with a light hand and of using the velvet glove, the Government of the Empire seems likely to be carried on with evergrowing friction and expense.

### VII. WHAT ABOUT THE DOMINIONS?

SUCH being the present and prospective commitments of England, it is time to inquire what the

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rest of the Empire thinks about them. It is clear that the European situation must be distasteful to the Dominions. Their geographical position is not that of the British Islands. They have no European attack to fear. They are not directly concerned in European affairs. They are naturally reluctant to guarantee arrangements very remote from their interests, and to support policies which they do not understand, do not initiate and can hardly stop, even when a pretence of consulting them is made. Consequently whenever they are requested to support such policies and to guarantee them with their blood and treasure, a severe strain is put on their allegiance, and the oftener this is done the more the internal coherence of the British Empire is endangered.

The Dominions have nobly and gallantly come to the aid of the mother country once, and have suffered severely in the process; but it would be unwise to reckon on their repeating such efforts whenever one of the many guarantees England has undertaken involved her in another European war. Even short of a war, the constant preoccupation of the mother country with European

affairs is bound to lead to strain and friction, because the Dominions feel that too much attention is given to them to the neglect of vital colonial interests. As has already been remarked, the natural attitude of the Dominions towards Europe resembles the American. It regards Europe as a small quarter of the globe, which is past its prime, and is inhabited by quarrelsome people who are bent on sacrificing all that makes life worth living to historical *vendettas* about quite trivial issues. For what makes European quarrels so supremely silly is that they are carried on within what is fundamentally the same people: seen in their proper perspective the European peoples are really all one, all mixed and all made up of the same races, inheriting the same traditions, sharing the same history, and divided only by historical accidents and their foolish obstinacy in keeping up a vastly larger number of dialects than are needed for purposes of human intercourse and literary expression. On the other hand Europe is fortunate in having no race-problems such as trouble the present and cloud the future of other continents, and Euro-

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peans do not seem to recognize that these non-European problems are the really important ones, to which they too ought to attend. For example, there is the Pacific Problem. Shall the redundant populations of Asia be allowed to spill themselves over the lands on its shores? The European thinks, why not?; the American and the Canadian and the Australian say, certainly not; the Briton hesitates, because though he would not like to lose his present holdings in this region, he foresees what gigantic exertions may be needed to retain them, of which the Singapore base <sup>1</sup> is but a foretaste, and doubts whether he can afford to fight so far from home. Clearly such distractions and such strains are very bad for the health of the British Empire!

It is pretty clear therefore that the present informal, fluid and uncertain association of the parts of the Empire cannot endure; it is unstable

<sup>1</sup> Which it is probably better to interpret as a political move to notify Australia of our willingness to defend her, than as a naval preparation for a fight against Japan. Similarly the great parade of the American fleet round the Pacific in 1925 was probably intended to convince the Australians of American ability and readiness to protect them.



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and transitional. If the British Empire is to survive, it must be better compacted. The relations between the mother country and the Dominions must assume more definite forms, embodying more explicit understandings: otherwise the British Empire will fall to pieces, because its members have gradually drifted apart. The political alternatives seem to be either disruption, or a constitution which provides more definitely for common action, and gives adequate expression to the unity of sentiment which still pervades the whole.

But what form shall this empire constitution take? The answer is extremely difficult. At one time the obvious answer would have been *imperial federation*, and this was once a possibility and undoubtedly the right solution. It was advocated by the prescience of Adam Smith long ago, before America had broken away.<sup>1</sup> But it has been allowed to become more and more difficult, and is probably impossible by now. The Dominions do not want it, and would not stand it. They would break away too, and we neither

<sup>1</sup> *Wealth of Nations*, Bk. IV, Ch. 7.

## FUTURE OF THE EMPIRE

could, nor would, coerce them. The truth is that *imperial* federation was killed by the policy of *colonial* federation which has created the Dominions.

If that beautiful dream is abandoned, cannot something *less* be realized, something of the nature of an Imperial Customs Union with an empire tariff? This is an idea which appeals strongly to many of our most patriotic imperialists, and at first sight it has much in its favour. For it is a solid economic fact that the home country is a great market for the foodstuffs and raw materials of the colonies, and has hitherto been also the cheapest and most willing market for the loans they need for their development. And it is true also that the colonies have been an excellent market for British manufactures. Hence a still closer economic union might well seem a benefit to both parties. It is no wonder that half-hearted and miserably inadequate attempts have been made on both sides to realize this idea, by granting preferences to British manufactures and to colonial produce.

Unfortunately matters are not likely to go

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much further. The idea of a self-sufficing British Empire, contented with its internal trade and internal prosperity, standing aloof from the rest of the world and permitting it to go to the devil in its own way, is open to fatal objection both on political and on economic grounds. Economically it would be altogether too big and powerful a combination for the rest of the world to tolerate, because it would control too many essential commodities, like rubber, wool and jute. It might therefore arouse the rest of the world to form a coalition to break it up. We have already seen how, when in the summer of 1925 rubber consumption overtook production and the American rubber manufacturers were caught short of their raw material, they promptly endeavoured to put political pressure on the British Government, in order to get the restrictions on the Malay rubber output removed, and how the British Government yielded at once, and brought down the price of rubber.

But there is a more immediately fatal objection to a real empire tariff. It is quite unlikely that the Dominions themselves would consent to it. True,

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they have granted considerable preferences to British goods, but they take good care not to make them high enough to enable our manufactures to compete with those they are trying to develop and desire to protect. They are all protectionist at heart, and the only considerable part of the Empire which has not built a tariff wall round itself is India, and that not because it does not desire to do so, but because it has not yet gained the power to do so. In any conflict therefore between imperial patriotism and local interests it is to be feared that the former would go to the wall. Also the Dominions have been accustomed to fiscal autonomy so long that they would very much resent having to give it up, having to open their markets freely to British goods, and having their trades with countries without the empire restricted, all of them natural consequences of an empire tariff. Moreover, to do them justice, their foreign trade is very considerable and not to be lightly sacrificed. That of Canada with the U.S.A., for example, actually exceeds its trade with Great Britain. In India and South Africa any attempt in the name of empire

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unity to divert their trade into what they considered less profitable channels would create disloyalty, in Ireland bitter indignation. Finally the only thing to be said of the Conservative Government's last idea of cementing the empire by an Empire Dole, that is by spending something like a million a year in advertising its products and preaching economic patriotism, is that it is a piece either of childishness or of jobbery.

Thus it would appear that the economic method for consolidating the empire by forming it into an economic unity also can hardly succeed. It may have been possible once, and probably was, but what was probably the last opportunity of realizing it was lost when Joseph Chamberlain's tariff reform agitation took the wrong turn. It seems a great pity that he laid the chief stress on protection, and not on the customs union of the empire. For now it seems to be too late. Thus, wherever we look and whatever we attempt, the centrifugal economic forces in the empire are gaining, and seem certain to disrupt or dissolve it, even if it escapes political disaster and social revolution.

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### VIII. THE REMEDIES<sup>2</sup>

THUS far Cassandra. But inasmuch as forewarned is fore-armed, it would be craven to despair. Rather should we set to work to grapple with such apprehensions and to falsify such predictions. This task will not be easy. It may require us to mobilize our whole available political intelligence, to addict ourselves to serious thinking, and to distract the attention of the British public from the sports to which it is devoted and the trifles in which it is really interested. It may be necessary to induce our public press to set itself to instruct and not merely to titillate, and our public men to take the people into their confidence and to tell them the truth, even if it is unpalatable and unpopular, instead of regaling them with eye-wash and propaganda. In short, it may require a general and sustained national effort.

As some slight contribution to such an effort attention may be drawn to a few general facts about the political situation of the world at present, which may be found relevant to the fortunes of the British Empire.

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In the first place, the world, though politically still divided, has for many purposes been unified. It has become a single trade area, and the world-price of the more important staples has become a reality which must be taken into account. It is a corollary from this fact that the problems arising out of the relations of capital and labour can be solved, not by any country single-handed for itself, but, if at all, only by all acting in unison.

Secondly, unitary world-control has become technically possible. With the present rapidity of communications, with telephony, telegraphy (with and without wires), news, *and orders*, can be transmitted all over the world, with practical instantaneousness. The political corollary from this fact is, of course, that a World-State is now a theoretical possibility, and that its establishment has accordingly become a legitimate ideal.

Thirdly, an inkling of this fact seems to be implied in the formation of the League of Nations. But the infant idea fell among thieves, and was hatched in a Parisian hotbed of cynical intrigue. So the actual League of Nations has a constitu-

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tion so grotesque, at once so feeble and so rigid, that only the most optimistic of political astrol-ogers would predict either a long life or a bene-ficent career for President Wilson's changeling. For a time, perhaps, it will serve to disguise by its chicaneries and make-believes the violence of the strong and the subservience of the weak: but sooner or later the former will find it inconveni-ent and will strangle it, and the evil odour left by its decay will hinder the revival of a fairer League inaugurated under honester auspices.

But on the whole it is not probable, and per-haps it is not even desirable, that the strong will allow their hands to be tied by any League. The struggle for domination will continue, and the only question will be how that domination will be exercised. For it need not take the bellicose and brutal form it has hitherto assumed; the bonds of empire may be forged of subtler, more flexible and more tenacious stuff.

This possibility is suggested by the method of control which the first power on earth at present is tending to adopt. America is already richer and more powerful than any other State,



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and it has every prospect of growing further, both in wealth and in power. Unassailable at home, admired rather than feared abroad, it seems destined to exercise an evergrowing influence on the politics of the world. But American power is a product, not of violence and conquest, but, in the main, of industry and peace. And American influence does not control its dependents by force. Panama, Cuba, and Nicaragua are not held down by American garrisons, nor are the people of Porto Rico Americanized by being forbidden to speak Spanish. American control is exercised by economical and financial means: but it is none the less effective. Already Spanish American generals are taught to tremble at the frowns of Wall Street bankers, and are learning to curb their taste for revolutions.

In consequence of the War New York has become the world's premier money market, and the needs and debts of Europe have become so great that New York bankers can dictate what terms they will to all its governments. They have not withheld the financial assistance demanded, but, perceiving how politics can ruin finance,

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have shown determination to impose political conditions. They have thus compelled European politicians to stop fooling, and to conduct affairs in such wise that peace and industry are once more possible. The adoption of the Dawes Scheme at the dictation of the dollar may be regarded as the first fruits of this policy. The scheme actually adopted will not probably be found capable of literal execution, because the financial good sense in it is still too much adulterated with political nonsense; but it is a foretaste of the coming methods of world control.

Now the idea of exercising political control by financial means may be regarded as America's distinctive contribution to the theory of government. It is the secret of American "democracy", which is in fact the greatest plutocracy the world has ever seen, most skilfully disguised behind democratic forms, which give votes to every one but allow him (or her) a choice only between Tweedledum, the nominee of one great party, and Tweedledee, the nominee of the other, while in the nominations of Tweedledum and Tweedledee financial power has the last word.

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Naturally this political idea excites the most violent antagonism in many minds. But this hostility is probably mistaken. For, on the whole, the bankers are by far the most sensible persons who have influence on the course of affairs at present. They are much more sensible than the politicians who, as a class, are short-sighted opportunists, tricky, cowardly and corrupt, than the professors who are ideologues and rush into the most fantastic extremes, than the manufacturers who are chronically antagonistic to their workmen and whose political views are usually dictated by the narrowest self-interest, and than the labour leaders whose minds are obsessed by envy and by the ideas of class-interests and class-struggles.

The big bankers on the other hand are men who are bound to be international in their outlook as in their interests. Their profession requires them to be intelligent, to take broad views, to consider the world as a whole and to recognize the interrelations and interactions of its parts. They are also bound to be circumspect and conservative, while yet cautiously enterprising and

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never merely obstructive. They are, moreover, accustomed to operate behind the scenes, and to exercise their influence by private persuasion rather than by overt violence. They are necessarily free from the insane desire to display their antics on the world-stage, which so often and so disastrously possesses potentates and politicians.

It is therefore by the way of financial influence and control that the political unification of the world can be brought about most easily and smoothly, though gradually, with a minimum of disturbance, violence and friction and with a maximum of peace and prosperity.

But what is the bearing of all these considerations on the conduct of the British Empire? Clearly what is indicated is a policy of the closest co-operation with America. Such co-operation should be easy; for the British business man is by no means unversed in the methods of financial control, and has in fact long been accustomed to co-operate with the American. Also, though financial supremacy be lost to America, British finance would in fact have a very considerable share in world-control—unless

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the politicians are allowed to consummate our economic ruin.<sup>1</sup>

The opposite policy of antagonizing America, of forcible interference in European affairs, of conquests and imperialism in the rest of the world, would probably be fatal. It would alienate the Dominions, who would secede and put themselves under American protection. It would exhaust our financial resources, and destroy the power which comes from financial control. And if, at the end of a prodigal and reckless career of political adventure, our politicians contrived to plunge us into another World-War, with U.S.A. on the other side, it might very easily mean a downfall as complete as that of Assyria. Fortunately there is every reason to believe that our rulers have at any rate appreciated the value of American friendship. But we shall earn this friendship best, not by seeking to involve America also in the complications and rancours of Europe, but by imitating, so far as possible, her sagacious attitude of dispassionate detachment.

<sup>1</sup> They nearly were in 1931.

## IX. A NOTE ON LOCARNO, 1928

SINCE pp. 55-6 were written the much-belauded Locarno Pact has been compiled, and its terms fully bear out the remarks of the text. It will doubtless serve its immediate purpose of being a *Securities* Pact, both for Germany and for France. But it has not been noticed—even by the German Nationalists, according to the British Press—that strictly speaking it is nothing but “eye-wash”, and that its guarantee of peace is legally illusory. In Article 6 it declares that “the provisions of the present Treaty do not affect the rights and obligations of the High Contracting Powers under the Treaty of Versailles or under arrangements supplementary thereto, including the agreement signed in London on August 30, 1924”.

Now among the “rights” of France, persistently claimed by the French under the Versailles Treaty, was precisely the right of marching into Germany whenever they chose to consider that Germany had failed, however trivially, in any of her “obligations”, without the consent of their allies, and without thereby being guilty of an act of war.

Needless to say the Germans did not accept

this interpretation of the Versailles Treaty. Nor did we. It was just the prospect of getting rid of it that made the Security Pact seem so acceptable in our eyes. But the Locarno Treaty has *not* got rid of it. For even though this obnoxious "right" rests merely on a French interpretation, the principle of the sacrosanctity of the Versailles Treaty protects it, even against submission to arbitration. Thus the Locarno Pact only contains an ambiguous and disputed formula on this most vital issue, which will be interpreted differently by the different parties to it!

Practically, no doubt, the consequences will not be so serious, and the Pact will conduce to the pacification of Europe. But only because it suits all parties (for the moment) to pretend that it does. This, too, is presumably the real reason why the German Nationalists, though bound to make a show of opposition, have not descanted on the dangers lurking in Article 6. They, too, feel the need of American loans, and are not irreconcilably opposed to a Pact.<sup>1</sup>

<sup>1</sup> These anticipations have been substantially fulfilled (1928). American and British loans have been poured into

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Germany to replace the working capital which disappeared under the inflation of the mark, and this has so far enabled Germany to meet her payments under the Dawes Scheme, although she has not yet attained to a surplus of exports. But it is clear that this process cannot be continued, and that the interdependent problems of Reparations and War Debts will ultimately have to be solved in an economically rational manner. It is likely that the only ultimate creditors of Germany will be the American State and the American public, who will have to settle between themselves which of them is to be paid, when it is seen that *both* cannot be, though it is quite possible that *neither* will be.

What has not been fulfilled (1936) is the fantastic expectation that Reparations and War Debts would continue to be paid. They continued to be paid only so long as the American public was willing to lend to Germany upon no security. So long as this process continued some of this money could be paid as "reparations", and some of the "reparations" could return to America as war-debt payments. But after a while the American bankers found they could no longer float foreign loans, because American investors had (tardily) grown suspicious and preferred to speculate in their own securities (till the crash in 1929). Thereupon the whole Reparation-War-Debt sham collapsed (1930). Only Finland continues to pay its war debt to America, and America has endeavoured to protect herself against the dangerous incompetence of her bankers and the folly of her investors by enacting a law that no country which has defaulted on its war debt shall have access to the New York money market (by the Hiram Johnson Act).



X. EXIT LOCARNO! 1936

No intelligent observer of international affairs can have been surprised that the Locarno Treaty should have disappeared in the first major European crisis after its enactment—much as the restrictions imposed on Russia in the Treaty of Paris of 1856 were repudiated in 1870. However, it had served its immediate purpose, and the “security” was far too shadowy and hedged around with conditions for either France or Britain to be willing to fight for it. That Germany would take advantage of the tension generated over Abyssinia between the three chief League Powers was of course foreseen in all diplomatic quarters: nor was it true, as the newspapers and the French Foreign Office asserted, that Hitler had “violated” the Locarno Treaty. He merely denounced and scrapped it. He could not, probably, have obtained French assent in any amicable way. And as it was a sham anyhow, its disappearance cannot but conduce to clearness and candour in European politics.



## PART II

### TEN YEARS AFTER, 1936

IN the good old times, when even the siege of a city took a decade, no Cassandra would have expected any appreciable percentage of the unpleasantnesses she had prophesied to come about within ten years. But nowadays the times move faster, and such happenings as the decay of civilization and the decline of the British Empire may make noticeable progress in ten years. They may be traceable in XI. The Crash, XII. The Decline of Democracy, XIII. The Decline of Sea-Power, XIV. The Disintegration of the British Empire, XV. The Decay of British Influence, XVI. The Abyssinian Fiasco, XVII. The Collapse of the League of Nations, and XVIII. The Decline of the Birth-rate.

#### XI. THE CRASH

THE Crash was of course inevitable, and had been prophesied for years, especially by Sir George Paish. It was the only possible outcome

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of mad finance and fatuous faith in economic impossibilities. That it came in 1929, and not in 1919, was the real miracle, which measured the power of political *camouflage* to deceive people about economic facts. But if the Crash was slow in coming, it was all the more crushing for its postponement, and it was deeply rooted in the monstrosities of war finance.

Economically, warfare always entails prodigality and waste. But never before on the gigantic scale of the last Great War. Nor was its character ever so cunningly concealed. The use of paper money facilitated, and more or less concealed, the debasement of standards of value. The subsidies granted by the richer combatants to the poorer were disguised as loans and war debts, and the impossibility of repayment was not acknowledged even after the War was over. These war debts have left festering sores which are poisoning international relations to this day. It is now clear that it would have been better all round if politicians had been franker and more honest, and had adopted expedients that would have forced the world to realize how greatly it

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had impoverished itself. If the Socialist proposals for Capital Levies had been adopted, even the capitalists would not probably have lost as much as they did through the devaluations of the standards of value, and a much stronger sentiment would have grown up against post-War extravagance.

Being the richest and least intelligently guided of the combatants, America did the most mischief. So soon as she entered the War all the resources of her Treasury were thoughtlessly placed at the disposal of her allies, who were thereby enabled to carry on the War. But President Wilson imposed no conditions, asked for no securities, and strenuously denied all knowledge of the Secret Treaties which were subsequently to frustrate his good intentions and to make a mockery of his ideals. This policy may have seemed noble, even if it was not wise. But to continue it *after* the War was sheer folly. It riveted on Europe the militarism for which Wilson had professed such abhorrence. It enabled the new states, created by the Peace Treaties, to arm to the teeth, and to oppress their minorities at pleasure, at once

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reducing to scraps of paper the "Minority Treaties" which were supposed to protect them. In consequence the new League of Nations never had a chance of inaugurating a new international order, a reign of peace and justice. It seemed merely a device for securing to the haves what they had been lucky to get, and were determined to keep.

No doubt the temptation to borrow from America, when the money was to be had for the asking, was irresistible. But no principle of state-craft and no American interest required the American Government to close its eyes to the way in which what was after all the money of American taxpayers was actually spent. The effective part of the American War Debts was borrowed after the War was over, and was a curse both to the borrowers and to the lenders. To the former, because it prolonged the era of war extravagance when the situation called for saving and hard work; to the latter, because it promised the continuance of an illusory prosperity and because, even when the politicians steeled themselves to face the facts, the war

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debts, with one exception,<sup>1</sup> all turned out to be *bad*.

With the bad example of the Federal Government before them the American bankers continued the foolish policy of lavish lending. Apparently they cared only whether their commissions were fat enough, and the stipulated rate of interest high enough to be attractive, and not at all whether the security was good and repayment possible. American money was lent indiscriminately, not only to the Allies, but to the South Americans and to the Germans. It is hardly credible that the bankers who issued these loans could ever have read the clause in the Peace Treaties which constituted Reparations (to an unspecified amount) a first charge on all the assets of the defeated countries.

This orgy of unsound lending went on till 1928, and ceased only because the American investor became suspicious of these endless foreign loans. But he merely transferred his reckless gambling with borrowed money (which was encouraged by an unsound tax law exempting unrealized

<sup>1</sup> Finland.

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paper profits from income-tax) to American securities. When the Crash finally began in the autumn of 1929, it appeared that not only had the American public gambled in stocks but also that it had bought all that the heart desired, houses, cars, radios and furniture, on the assumption that prosperity would have no end. Consequently all values crumbled, trade was paralysed, and presently thousands of banks suspended payment. The richest nation in the world had been living beyond its means, and was overwhelmed by the burden of its debts. By March 1933, when F. D. Roosevelt assumed the Presidency, a universal "bank holiday" had broken out. This meant that for about two weeks no banks were open. Fortunately no one doubted the solvency of the Federal Government, and a lavish use of Federal credit enabled the sounder banks to resume business. Indeed, Federal credit has been the rock on which President Roosevelt has taken his stand ever since in combating the Depression. In this combat he had recourse to a great variety of weird and incompatible expedients, of which many proved abortive or were declared uncon-



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stitutional by the Supreme Court: collectively they probably retarded rather than helped natural recovery. At any rate the cost was prodigious. In a period of profound peace the national debt was doubled, and at present (June 1936) stands at about \$34,000,000,000. The dollar itself has had to be devaluated 41 per cent., and Uncle Sam has put himself into the grotesque position of compounding with his *debtors* at 59 cents on the dollar. The American *débâcle* gave the signal for the collapse of the whole fabric of financial illusion throughout the world. It started a great slump in the value of all commodities, and so augmented the burden of all debts beyond endurance. The South American countries nearly all <sup>1</sup> suspended payment, and imposed severe restrictions on imports and exchanges.

In Europe, Austria promptly went bankrupt again, and in Germany the Young Plan, the last

<sup>1</sup> Except Venezuela, where an enlightened dictator, General Gomez, had used the taxes imposed on the oil companies to pay off the whole national debt, and Argentina, where the Federal Government never defaulted on its securities, though it put great obstacles in the way of payment of other foreign debts.

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of many rainbow-chasing schemes for making Germany "pay for the War", speedily collapsed. German Reparation payments (with American money) having come to a stop, war-debt payments promptly followed suit. By these financial convulsions the London bankers were severely hit. For they had attempted to carry on their pre-War business of financing international trade, and to do so had borrowed in Paris, where money was cheap, because trade was stagnant. When the Crash came the French discovered that thanks to British enterprise they too were involved in the solvency of Germany, much against their will! There was nothing for it but to proclaim a moratorium, as President Hoover promptly proposed; but the French managed to destroy any effect it might have had in restoring confidence by prolonged haggling about the details.

Meantime British finances and the British Gold Standard were getting into difficulties. British trade could not meet the slump in commodity prices, because the Trade Unions were politically so powerful that no reduction of money wages

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could be considered, even though real wages were being raised by the fall in commodity prices. Moreover, demagogic increases in the Dole and other "social services" were throwing the Budget badly out of balance and heading the country for bankruptcy. The attempts to preserve the Gold Standard by borrowing gold from the two great hoards in America and France proved ineffectual. And when finally (in August 1931) the publication of the Macmillan Report revealed the situation to the British people, the Labour Party, which had been partly (though by no means wholly) responsible for getting the country into the mess, ran away from its duties and resigned. The new National Government under Mr. Ramsay Macdonald, supported by a handful of his former Labour colleagues, by the Liberals (most of whom were soon alienated by the surrender to Protection) and the whole of the Conservatives, gave up the attempt to maintain the Gold Standard, and it has ever since been a mystery on what the Sterling Standard really rested. But a large number of countries were willing enough to devalue their currencies and followed Ster-

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ling, which has been losing value steadily, but slowly, in relation to gold, and so has given the Sterling countries all the commercial advantages of a declining standard of value, while skilfully avoiding, so far, a collapse of the currency.

The new Government boldly appealed to the country for a "Doctor's Mandate", promised economy and a balanced budget, increased the income tax and cut salaries from ten to twenty per cent. It was returned to power with a ten-to-one majority over the discredited Labour opposition. But its performances were miserable. Its pretensions to economy were soon dropped, while the increased taxation for the most part remained, and the mismanagement of foreign affairs has rendered a costly rearmament programme necessary.

There was no attempt at any political reform such as was needed to steady and secure the constitution. No attempt was made to remedy the grotesque and perilous unfairness of an electoral law which habitually enabled a minority to elect a majority of the members of Parliament, and theoretically rendered it possible for one-

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third of the votes + 615 to fill every seat in the House of Commons, while the Liberal Party was practically disfranchised, and the country was subjected to tidal waves which swept first one and then another of the extremist parties into office every four years. Nor did it attempt to reform the House of Lords, and to turn it into an effective obstacle to revolution, although for a quarter of a century the Conservative Party Conference had annually passed a resolution in favour of such reform. Partly from conviction and partly perforce, under stress of Japanese competition, it abandoned the remnants of Free Trade; but its attempt to consolidate the Empire on a fiscal basis nearly led to its disruption at the Ottawa Conference of 1932, owing to the rapacity of the Canadian protectionists. True, unemployment was reduced from three millions to one and a half, or two, and trade was to some extent improved; but the most sanguine must have realized by now that anything like the restoration of Britain's commercial supremacy such as existed in the nineteenth century has become out of the question in a world in which

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every little State is trying to become self-sufficient at any cost and every government is engaged in strangling trade by tariffs, quotas and embargoes. Such success as the National Government's trade policy had was almost certainly due to the substitution of sterling for gold, and to its astute policy in slowly and insensibly allowing the standard of value to depreciate to half its former value. It thereby gained for British exports advantages over those of gold-standard countries which fell into distress and were nearly all driven off their old gold standard, while the fatal rigidity of money wages was skilfully circumvented. The wage-earners were beguiled into accepting lower real wages and higher (real) taxation.<sup>1</sup>

Nevertheless, the prospects of the National Government were anything but rosy at the beginning of 1935. It had failed to fulfil so many of the promises it had made to get into power, and

<sup>1</sup> For, of course, if e.g. super-tax is imposed on incomes above £2,000 per annum, and if the "pound" is then depreciated to one-half its former value, this is equivalent to starting super-tax at what was previously called "£1,000 per annum".

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had provoked so much discontent, and was losing so many by-elections, that there seemed to be little likelihood that it would survive the regular "swing of the pendulum" effect at the next General Election in 1935 or 1936. Accordingly it was quite a godsend for the Government when the Abyssinian Crisis arose, and provided it not only with an irresistible appeal to British patriotism, but also with a congenial policy—of rearmament. How far this crisis was actually engineered by the British Government will be discussed in XVI: it was at any rate most adroitly exploited by it to win the election of 1935, and to return it to power.

## XII. THE DECLINE OF "DEMOCRACY"

THIS process has been the outstanding feature in the political scene during the past ten years. It may be traced more or less everywhere—even in the States which still profess to be democracies. These are now reduced to three great powers, Britain, France and the United States, different as are their conceptions of democracy, the Scandinavian States, Belgium, Holland and

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Switzerland. The rest of Europe is under more or less obvious military dictatorships, largely of the type which has long prevailed in South America.

But what is even more ominous than the decline in the numbers of democratic States is the internal weakening of the democratic principle. It is threatened on two sides, by the attractions of Fascism on the right and of Soviet dictatorship on the left, and the methods which have destroyed democratic forms in Russia, Italy, and Germany are easily applicable to America and England.<sup>1</sup>

For England indeed Sir Stafford Cripps, probably the ablest of the Labour leaders, has worked out a beautiful scheme for a complete Socialist revolution that could be forced upon the Labour Party and carried through within the lifetime of one Parliament. It troubles as little about the wishes of the people as did the method by which the Bolsheviks rose to power, but it may easily seem the only practicable policy for the next

<sup>1</sup> Mr. Sinclair Lewis's *It Can't Happen Here*, and Miss Storm Jameson's *In the Second Year* have imaginatively described these possibilities.



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Labour Government to adopt. Sir Stafford Cripps has realized that there will probably never be a Socialist majority in the electorate, at any rate in his time, and further that even if there were, it would not be large and permanent enough to stand the prolonged strain of enacting the full Socialist programme in the ordinary parliamentary way, which would allow the House of Lords to hold up the programme for two years and to compel an appeal to the people. What he proposes therefore is this: the next time the electors, in a fit of disgust at the ineptitude of the Conservatives, or perhaps merely for the sake of a change, return a Socialist majority, however small and precarious, to the House of Commons, even though it may, and probably will, represent only a minority in the country, let the new Socialist Government first of all bring in a bill for the abolition of the House of Lords. This bill will not of course be acceptable to the Lords, but it can be forced through their House by the creation of new Peers, 500 or 1,000 or more, pledged to vote for their own extinction. After that the Government obtains from the House of Com-

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mons authority to enact laws by decree, and the country is transformed into a Socialist (or Communist) State at one stroke. In other words "democracy" can be made to abdicate legally, in Britain as in Hitler's Germany.

There is only one reply to this scheme, and it would be effectual; but it would equally involve the supplanting of democracy—in this case by a sort of Fascism. To succeed it would need only preservation of the regular routine of a change of government and the determination on the part of someone clear-sighted and resolute to defeat the Crippsian plot. The political personage clearly indicated would be his Majesty the King, and his intervention would begin on the morning after the declaration of the polls. For a victory of the Labour Party pledged to a Crippsian programme would at once precipitate a terrific economic crisis. For it is part of this programme that the Government should take over the banks and control the Stock Exchange. London, however, is still the place where many millions of foreign funds are kept. These, however, would at once be ordered out of the country by tele-

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graphic transfer. This would start an unprecedented slump in the exchange value of sterling. There would also be runs on all the banks and postal savings deposits would be withdrawn. In a couple of days bankruptcy would be universal and trade would be paralysed: in a week starvation would stare everyone in the face. Nor could anything be done to avert this disaster, because even if the old discredited government were willing to resign at once, the new Socialist Government would take at least ten days to form, and by that time the mischief would be done.

The country could be saved only by a Royal Proclamation, dissolving the newly elected Parliament, appointing as Prime Minister a resolute official uncontaminated by party politics (probably some successful Colonial Governor) and postponing the new elections till confidence had been restored, a rational electoral law had been decreed, and the people had returned to sanity. With the support of the Army, the Navy and the Civil Service, such Royal intervention could hardly fail to be successful, and would be overwhelmingly endorsed by the voters at the next election.

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It might then prove feasible not only to legalize the past but to pass a real reform of the constitution, which would provide for genuine consultation of the people and effective safeguards against random revolutions, panic legislation, general election hysteria, tidal waves, misrepresentation, and the suppression of minorities and moderate opinion. Perhaps something like the Swiss constitution, under which all important bodies of opinion permanently have a share in the government, might save British democracy. But it would have to become a more intelligent democracy than it has shown itself to be under our present parliamentary *régime*.

### XIII. THE DECLINE OF SEA-POWER

It seems quite likely that the Great War of 1914-18 will have been the last war in which Sea-Power has played a great, or a decisive, part. And even in that war it could do so only from a distance—a safe distance for the great ships. The great fleets met only once, and then only, it would seem, because their admirals were spoiling for a fight that had no strategic value.

## DECLINE OF SEA-POWER

What kept the fleets apart was fear—the fear of what destroyers and submarines could do to them. Air forces were not yet a serious menace. But since then sea-power has repeatedly been challenged from the air. Rebellious fleets have more than once been bombed into submission (Brazil, Chili, Greece), and perhaps the most creditable, if not the only, explanation of the strange behaviour of the British Fleet in the Mediterranean during the winter of 1935–6 is that its admirals felt very doubtful whether it could be protected against Italian air attacks and submarines in Malta.<sup>1</sup> This would entail a radical change in the value of sea-power for British policy, the more so as Gibraltar harbour is already, notoriously, a death-trap for a fleet assailed by modern artillery.

Under these circumstances our statesmen will soon have to realize that narrow seas can no longer be controlled from the surface of the water, and that if big battleships wish to have a sea fight, they must put out into the middle of

<sup>1</sup> It was rumoured that one of these had paid an unsolicited visit to Malta harbour.

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some ocean where bombing aeroplanes cannot as yet follow them in sufficient numbers. It is also pretty clear to the lay intelligence that these new developments tell strongly in favour of building numbers of smaller ships, and against the big battleship. If therefore admirals cannot be happy without the spacious quarter-decks of a battleship, and insist on having naval battles, suitable areas in the Arctic or the Antarctic could be reserved for such exercises by international agreement. But they would not affect the strategic problems of a modern war. These would be concerned with the security of trade-routes over limited areas, especially in the neighbourhood of lands from which ships can be attacked by submarines and aeroplanes.

As matters stand at present it would seem that all we could hope for was to keep open the routes across the Atlantic, and to Australia *via* the Cape. The Mediterranean would be quite unsafe in case of war with a Mediterranean power. With France, Belgium and Ireland hostile, or in hostile hands, all our remaining trade-routes would be in jeopardy. Even with the help of the Singapore

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Naval Base we can no longer control the China Seas, and it will have to be recognized as axiomatic that in their home waters the Americans and the Japanese will always be able to support fleets more than a match for any British Armada that could be sent out so far. Presumably the Germans will again be able to control the Baltic, and to render the North Sea unsafe, while the Turks will doubtless be accorded their reasonable request to refortify the Dardanelles and the Bosphorus, and so will control the Sea of Marmora. For it cannot be a British interest that these strategic areas should fall into the hands either of Russia or of Italy. The former, however, is likely to control the Black Sea, as well as the Caspian. Our general conclusion then must be that the Lords of the Air will more and more restrict the power of the Masters of the Sea.

## XIV. THE DISINTEGRATION OF THE BRITISH EMPIRE

THE most amazing feature about this chronic process is the imperturbable calmness with which

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the British public takes it. It not only excites no alarm or regret, but passes almost without notice. No party makes any attempt to resist it or stop it; no one so much as troubles even to ask an awkward question in Parliament about its progress. The whole nation appears to be blind to what is going on.

### I. THE STATUTE OF WESTMINSTER

Legally, and perhaps politically, the most important step that has yet been taken to disintegrate the Empire is the passing of what is known as the Statute of Westminster, which was the first use made by the National Government of its unparalleled triumph in the General Election of 1931. Moreover, this strange statute was passed without debate and without opposition, being represented as a mere consequence of agreements reached by the Imperial Conference of 1930. Yet actually its gist was to revolutionize the relations between the British Parliament and those of the Dominions. Until 1931 the mother of Parliaments had retained the right to act on behalf of the whole Empire in foreign affairs, and



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theoretically retained also all the functions which had not been devolved upon the Dominion Parliaments by the Acts which had constituted them. But now the British Parliament renounced all claim to superiority, and put itself legally on a par with the Dominion Parliaments.

Henceforth the unity of the Empire was vested in the Crown alone. But the wearer of the Crown is supposed to be a constitutional monarch, bound to take the advice tendered to him by the Premiers of his various Dominions. But there is now no longer any provision for their tendering the *same* advice. What if the Crown were to receive incompatible advice from the different Dominions? What will be the legal and the political consequences, for example, if another European War should break out and the British Ministry advises the King to declare war, but the governments of the Dominions of Canada, Australia, South Africa, India and Ireland protest, and forbid the Crown to involve their countries in European quarrels? No one can predict with certainty what will happen in such a case, but the obvious inference would seem to be that among the first

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casualties of the next war would probably be the unity of the British Empire.

### 2. INDIA

The same National Government which had passed the Statute of Westminster proceeded to bestow Dominion self-government upon India, in spite of the resistance of the Die-hard Conservatives and the apprehensions of the bulk of the Indian Civilians. The India Bill also was forced through Parliament by official pressure without the giving of any overt reason for the contemplated change of status, though it was extensively rumoured that the real reason was the prohibitive cost of governing India against her will. The India Office seems to have been content to construct for India a highly complicated constitution in which provincial jealousies, the influence of the Upper House of Princes, the over-representation of religious minorities, the enfranchisement of the outcasts and other devices might be trusted to frustrate complete control of the country by the nationalism of the orthodox Hindus. If these devices are successful, India will

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obtain a weaker and less centralized government, which will give her politicians plenty of congenial employment; if they fail, they will turn India into a more chaotic and distracted analogue of China, more difficult to handle than a dozen Irelands.

It is, however, admittedly too early to say in detail how the Indian scheme will work out; though the present indications are anything but favourable. It manifestly involves the destruction of the old covenanted Indian Civil Service, and probably it will not in the long run be found compatible with any British participation in the government of India. For Englishmen of ability will be unwilling to devote themselves to a Service in which they will be in a minority and will be subject to the control of Indian ministers. I can remember that when this apprehension first arose, in consequence of the Montague-Chelmsford reforms, the late Lord Birkenhead went on a recruiting tour through the universities and at Oxford gave to a private meeting of College tutors the most solemn assurances that there would be no scuttling out of India. When one

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or two of the tutors ventured to suggest that it would be easier to get suitable candidates for the Indian Civil Service, if they were selected on the recommendations of their colleges instead of by competitive examinations, Lord Birkenhead very lucidly pointed out that this would be a fatal blow to British *prestige*, because it would be interpreted as a confession of failure to compete with the Indians on equal terms. Now, scarcely more than ten years later, the British Government finds itself compelled to have recourse to what it then regarded as a disgraceful expedient, simply because of the decline of confidence in the promises of the British Government.

### 3. EGYPT

In Egypt, British state-craft had long failed to obtain Egyptian consent to a Treaty similar to that which Irak signed, which would keep Egypt within the orbit of British Foreign Policy, while leaving the Egyptians free to manage their own affairs. Growing fear of Italy has now forced both parties to come to terms (August 1936). Nevertheless British influence in Egypt and British

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control of the Suez Canal and of the Red Sea route to India have been seriously endangered by the rise of Italy as the dominant power in the Eastern Mediterranean. Egypt is now caught, as in a vice, between Italian Libya in the west and Italian Abyssinia in the east, and in due course a conscript army of half a million "Black shirts", black even without their shirts, will be ready to invade her. To put it as mildly as possible, Italy will always henceforth be in a position to make trouble for British rule in Egypt.

### 4. PALESTINE

Very much the same may be said of the situation in Palestine. There the British occupation has the function of keeping the peace between the Jews and the Arabs, and of preventing the latter from expelling and exterminating the former before they have grown strong enough to maintain themselves. But this is proving a more and more difficult and thankless task every year, and it is growing ever more doubtful whether the Jewish State in Palestine will be able to maintain itself better than was the Christian State estab-

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lished by the Crusaders. To expect it to protect the eastern flank of the Suez Canal seems quixotic, and one cannot but doubt whether the British statesmen who founded the new Palestine had made any serious study of the history of that country.

### 5. IRELAND

From a British point of view the partitioning of Ireland and the erection of the greater part of it into a self-governing dominion has been a sad failure, for which the Irish have, naturally, blamed the conditions of a settlement which they have long ceased to observe. In Northern Ireland, indeed, Protestant ascendancy has been preserved; but at the cost of preserving a government which has had to assume many of the features of a dictatorship. Nor has the South ever accepted the partition. It has been nibbling away at the bonds that still connect the "Free State" of Ireland with the British Empire and has destroyed most of them: at present it is conducting a vigorous tariff-war with Great Britain which is naturally causing more distress in the smaller country. It seems more likely than not that in

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the next crisis Southern Ireland will range herself among the enemies of Great Britain so far as she dares. Some sort of neutrality is the utmost that can be hoped for.

### XV. THE DECAY OF BRITISH INFLUENCE

#### I. CHINA

BRITISH influence in China was based on the preponderance of British trade, and on a number of "concessions" in "Treaty Ports" wrung from China by various wars in the course of the nineteenth century. In these Concessions the foreigners possessed all the rights of extraterritoriality, were free from the exactions of Chinese officialdom, and ruled the Chinese who took up their residence in them. The greatest of these settlements was Shanghai, the great port of the Yangtsekiang valley, a growing manufacturing city, and the financial centre of China. Its British Concession (there were also French, American and Japanese Concessions and a Chinese city) was ruled by a municipality which had a small majority of British representatives, and was policed by Indian Sikhs under British officers.

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Under the Manchu dynasty this anomalous system had enormously increased the trade and prosperity of the Treaty Ports, from which the (international) Chinese Customs Service collected most of the revenues by which the Imperial Government was supported. But after the Revolution of 1911 Republican China soon began to claim the sovereign rights of a modern power, and to demand the abolition of the "unequal treaties", which gave foreigners a position so derogatory to Chinese sovereignty. In consequence of this agitation many of the minor concessions (though not Shanghai) were evacuated, presumably because their commercial value had been greatly impaired by the perpetual welter of civil wars which was the *new régime* in China.

Meanwhile, in the north Japan was extending her political and economic influence year by year. In spite of the "Open Door" promises and treaties, China is being absorbed bit by bit, and European traders are finding that they have less and less chance of competing with the Japanese. Nothing short of a coalition of Britain and America to



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fight Japan could well have stopped the process; but the readiness of the League of Nations, first to condemn Japanese proceedings in Manchuria, and then tacitly to acquiesce in them, certainly did not improve the situation. It is impossible to see how anything but a successful war with Japan, a war that is utterly improbable, could restore British influence in China.

### 2. SOUTH AMERICA

In South America Britain's chief rival is the United States. Formerly British influence was based on the twin facts that Britain was (1) the chief creditor of the South American countries, and (2) the best customer for their, mainly agricultural, products. But the United States obtained most of its coffee from South America, and after the War the North American bankers found it an excellent field for the application of their theory of foreign trade: if American customers had not the money to buy American goods, it was the duty of American bankers to lend them the wherewithal without security, or indeed prospect of repayment. The South Ameri-

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cans were not slow to succumb to the temptations of easy borrowing.

When the bubble burst, they all went bankrupt with great alacrity and thoroughness. Even Chile, which in former days had been so punctiliously honourable that in one revolutionary civil war *both* parties had provided for the payment of the coupons of the National Debt, went into complete default.

The rest proclaimed moratoria and controlled their imports and exchanges in such manner that foreigners might not be able to take money out of the country. By this policy the Argentines (who had not actually suspended payment on their government loans) were enabled to get even with the British Government for imposing duties on Argentine beef after the Ottawa Conference. Argentina had been a great field for British investment. All the capital for the Argentine railways and most of that for other industrial undertakings was of British origin: so there was ample opportunity for retaliation. As the result of the measures taken by the Argentine Government to meet the depression and to provide "social

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services" for the workers, practically the whole of this British investment in the Argentine was rendered unremunerative.<sup>1</sup> It seems highly probable that so long as the tariff on Argentine beef remains, British investments in the Argentine will remain unremunerative. And, speaking generally, it seems pretty clear that by no amount of ingenuity can the traders hope to circumvent the multifarious obstructions to trade put in their way by the governments all the world over.

## XVI. THE ABYSSINIAN FIASCO

ON the face of it, and without making any allowance for dangers and difficulties not yet avowed to the British public by its rulers, the part played by Britain in the Abyssinian Crisis constitutes quite the most ignominious episode in British history since the distant days when the Dutch Fleet sailed up the Thames and burnt British ships in their own harbours. It is also, so far, a com-

<sup>1</sup> In most cases this was easy enough to do. For example to depreciate the currency and to prohibit any increase of the fares sufficed to ruin the Anglo-Argentine Tramways. Similar methods were used in Mexico and Brazil.

pletely unintelligible episode, for which the responsible authorities have vouchsafed no sort of apology or explanation, and the opposition have not dared to demand any. That such an astounding series of events should have been so tamely tolerated by the British people seems to measure the depths to which our parliamentary democracy has sunk.

Presumably, however, even this sequence of events had its roots in the past—in a very shady past. Even to guess at an understanding of how it came about, it will be necessary to unravel the tangled skein of European politics for a number of years, and to conjecture the secrets of a diplomacy which is as profoundly secret as ever it was.

When early in 1933 Adolf Hitler obtained control of Germany, the French Foreign Office, normally the subtlest and most astute of such institutions, seems to have rather lost its head, although the French treatment of Germany had been one of the major causes of Hitler's success. Although Germany was unarmed and surrounded on every side by fully armed and loyal allies of France, French diplomacy at once set to work

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to make assurance doubly sure by recruiting new allies. But in so doing it showed singularly little regard for the feelings of their old friends, and attempted several impossibilities. Thus negotiations were started for an alliance with Russia, without regard to the feelings of Poland, which promptly reached an understanding with Germany, the exact scope of which will probably not be revealed until the next war breaks out.

Similar and more immediately important negotiations were initiated with Italy. Now Italy had until then been supposed to be naturally antagonistic to France and sympathetic with Germany, because it had been assumed that North Africa, and especially Tunis, was the *sine qua non* of Italian expansion: wherefore it would sooner or later be necessary for Italy to obtain the help of Germany to cope with France. Apparently the French Foreign Office expected this *rapprochement* to result at once from the victory of the Nazis. It expected the dictator Mussolini to fall into the arms of the dictator Hitler.

But the French had greatly underrated the resourcefulness and subtlety of Mussolini's diplo-

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macy. Instead of making common cause with Hitler, Mussolini staged a quarrel with him, and, to the delight of Paris, vetoed the absorption of Austria by Germany. Presumably he intended Austria to be the reward for German aid later on. At the moment it was more profitable to offer France his friendship and alliance, and to promise to preserve what is ironically called the "independence" of Austria.

The French accepted these timely but possibly treacherous overtures without suspicion of their good faith, and gave Mussolini *carte blanche* in the Danubian regions, where Italy could already count on the support of Austria, Hungary and Bulgaria. But when, after the murder of Dollfuss by the Austrian Nazis, Mussolini marched his armies up the Brenner to intervene in Austria, he was met by declarations from Yugoslavia and Czechoslovakia that to cross the frontier would be a *casus belli*. Now Yugoslavia and Czechoslovakia were allies of France; but what they dreaded above all things was any re-establishment of the Hapsburgs, and a dynastic alliance between the Archduke Otto and the last unmar-

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ried daughter of the King of Italy. They were well aware that they had so governed large sections of their own subjects that a return of the Hapsburgs would probably be the signal for their own collapse. Also the French had not, it seems, troubled to explain to their old allies the true inwardness of their *volte face* as regards Italy. So Mussolini was baffled, and had to march his armies back again. But he demanded compensation in Paris.

Paris also had to offer tardy explanations to Yugoslavia, which had always regarded Italy as her chief and natural enemy. So in the autumn of 1934 King Alexander, the dictator of Yugoslavia, was summoned to Paris to receive instructions. But, strangely enough, the much-vaunted French police handled its passport system with such laxity that quite a number of King Alexander's disaffected subjects found their way into France at the same time, and, soon after his landing at Marseilles, one of them shot him. Also, regrettably, M. Barthou, the French Foreign Minister, who had been directing all these diplomatic operations.

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For a moment it looked as if the murder of Alexander at Marseilles might start a European blaze, just as that of Francis Ferdinand at Serajevo twenty years before had started the Great War: for the Yugoslavs alleged that Croat assassins had been trained in Hungary, just as the Serbians had trained Bosnians in 1914. But Italy very gallantly protected Hungary against the ebullitions of Yugoslav rage, and as the politicians of the latter country had their hands pretty full with its internal affairs, and were busy restoring the constitution and the good old custom of shooting down opposition speakers in the Skupshchina, the matter was dropped.

Meanwhile Italy manifestly had a strong case for compensation; not merely on account of the failure of the Danubian *carte blanche* to amount to anything, but also because the bits of the Sahara France was willing to cede, by way of colonial compensation, were even drier and more unprofitable than the districts in Jubaland by which Britain had sought to discharge the promises it had made to get Italy into the War in 1915. So Mussolini at once raised the Abyssinian problem.



## THE ABYSSINIAN FLASCO

Abyssinia was the last African state to preserve its independence, although it was surrounded and cut off from the sea by Italian, French and British territories. Naturally its powerful neighbours had repeatedly cast covetous eyes upon it. But the British, after sending an expedition into it in 1868, to dethrone King Theodore, had again evacuated it. The Italians had attacked it in the eighties of the nineteenth century, but had suffered several severe and humiliating defeats. The French had built a railway from their harbour, Jibuti, to Addis Ababa, and so controlled access to its capital. In 1906, in the heyday of secret diplomacy, when Lord Grey was concluding conditional partition-treaties concerning any country that anyone coveted and in which England had an interest, Abyssinia, like Morocco, Turkey and Persia, became the subject of an agreement of the standard pattern between Italy, France and Britain. That is to say "it being the common interest of France, Great Britain and Italy to maintain the integrity of Ethiopia . . . the interests of Great Britain and Egypt in the Nile Basin, more especially as regards the regula-

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tion of the waters of that river and its tributaries" shall be safeguarded, as also the interests of Italy and France.<sup>1</sup> But miraculously (or perhaps merely because in 1911 Italy seized Tripoli (Libya) in much the same way as she has now seized Abyssinia and because the Great War broke out in 1914) Abyssinia for a time escaped. In 1923 France and Italy, thinking that an agitation against slavery in Abyssinia portended British designs upon that country, even proposed her for membership of the League of Nations. As British opposition was lukewarm, she was actually elected. Pretty clearly the jealousies of the Great Powers surrounding her and the probable expense of subduing her had preserved Abyssinian independence so long.

But now came someone who meant business and saw his opportunity—Mussolini. The international commission sent out to delimit the frontier between Abyssinia and Italian Somali-land ran into a sharp skirmish between Italian troops and Abyssinians in December 1934, at Walwal, which the maps showed to be over

<sup>1</sup> See *International Conciliation*, Nov. 1935, pp. 446-7.

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50 miles inside Abyssinia. In January 1935 M. Laval concluded a treaty with Mussolini by which France disinterested herself in Abyssinia. About the same time, or soon after, Mussolini also negotiated with our Foreign Office. He seems to have come away with the impression that he had squared Great Britain also and had nothing to fear from her opposition, provided that due respect was paid to her interest in Lake Tana and the irrigation of Egypt and the Sudan.

At any rate Mussolini acted as if he had been duly authorized to seize Abyssinia. All through the latter part of 1934 and the first half of 1935 he openly made elaborate preparations for his conquest. Nothing was done either by Britain or by France or by the League of Nations to discourage or to stop him. The most moving appeals by the Emperor of Abyssinia to the League were postponed and pigeon-holed. And all this time Britain and France were refusing to let any arms and ammunition pass through their territories into Abyssinia, on the transparent plea of strict neutrality, though it was plain that Italy not only could manufacture

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munitions for herself, but could buy them from the whole world. This "illegal and immoral embargo" as the *New Statesman* called it,<sup>1</sup> was continued by France throughout the War, while it was only lifted by Britain when the War had actually broken out: then under pressure of public opinion, camel-loads of ammunition were allowed to pass into Abyssinia, while shiploads of Italian munitions continued to supply the Italian armies through the Suez Canal without let or hindrance. It is difficult not to regard this action of the two Great Powers which were professing to curb Italian aggression as a satire on "neutrality" and as revealing the real intentions of their governments.

It was not until the beginning of September 1935 that the Foreign Office showed signs of growing conscience-smitten or suspicious. The British Fleet was ordered to Malta, and on September 11 Sir Samuel Hoare made a vigorous speech in the Assembly of the League of Nations which seemed to mean that Great Britain meant

<sup>1</sup> Cp. The pamphlet on *Italy and Ethiopia* in *International Conciliation* for Nov. 1935, p. 456.

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to take the lead against Mussolini's aggression in Abyssinia. How utterly this hope was disappointed is a matter of history; but the motives for the attitude of the British Government are still a matter for speculation. Many possibilities deserve consideration.

(1) It is surely incredible that the Foreign Office experts should not have realized from the outset the danger to our Red Sea route to India and the damage to the strategic security of Egypt that were involved by the establishment of a great European power in Abyssinia, especially when that power also controlled the western approaches to Egypt. Britain has often fought first-class wars for much less reason. Besides, as the Foreign Office had been negotiating for years about the regulation of Lake Tana, it could not have awakened suddenly to the importance of Abyssinia.

Either therefore (2) some very fatal flaw must have been discovered in the assurances Mussolini had given in January 1935, or (3) very serious evidence of Italian intrigues, in Egypt or Palestine, or both, must have come to light.

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Of these alternatives the latter is the more probable. For Mussolini made extensive provision for every contingency before he hazarded his *coup*. And his counter moves all seem to have made the British ministers think twice; if we shrink from saying that they were thoroughly intimidated.<sup>1</sup> What with widespread Arab discontent in Egypt and Palestine, fomented and financed by Italian agents, with a large Italian army in Libya, and with the once impregnable Malta reduced to a target for Italian submarines and aeroplanes, it did require some courage to face the threat of an Italian declaration of war.

(4) It is possible also that the manifestly difficult relations between Britain and France contributed to take the backbone out of the Foreign Office. Though, as we have seen, it must have been fully cognizant of Italian designs upon

<sup>1</sup> Mr. Lloyd George accused them to their faces of "poltroonery" in Parliament, and a question was also asked in the House about Italian plans for attacking Egypt, found in an Italian staff aeroplane which crashed in August 1935. It received an official half-denial. Lastly the repeated attempts at sabotage which were reported to have occurred in the British fleet may have prompted to prudence.

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Abyssinia, it may have remained in ignorance and in doubt about the precise import of the Laval-Mussolini Treaty of 1935. In 1934 France had made a treaty with Soviet Russia which took as little account of British susceptibilities as her understandings with Italy spared the feelings of the Little Entente. In consequence Russia was brought into the League of Nations. But the Foreign Office took its revenge by making a Naval Agreement (of quite a sensible sort) with Germany. This agreement was bitterly resented in Paris. Was it not credible, in consequence, that M. Laval's treaty went a good deal beyond Abyssinia? Might it not have amounted to a partitioning of the Mediterranean between the Latin Powers, which gave its eastern half to Italy, and gave her leave to wreak her will also upon Egypt, Turkey and Greece? Italy had been in (illegal) occupation of the Greek islands of the Dodecanese since 1911, the fortifications of the Dardanelles and the Bosphorus had been dismantled, and the finest strategic position on the face of the earth lay at the mercy of the refounder of the Roman Empire. If it be objected to this

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hypothesis that it would have been foolish of the French to grant so much to Italy, the answer is that they certainly *were* foolish to put their trust in Mussolini and the Soviets, and to betray the old and tried allies they had in Great Britain, Poland and the Little Entente.

However far the French may have gone in compromising themselves with Italy, the course of events plainly showed that they acted as her allies throughout the Abyssinian War. The endless delays that paralysed the negotiations for the prevention of the war, the tardiness and feebleness of the sanctions decreed by the League of Nations, the sedulous abstention from imposing the sanctions that would really have stopped Italy, viz. an embargo on oil exports and the closing of the Suez Canal, the attempts to extract from Britain far-reaching pledges for the future in return for French support in the Mediterranean, were presumably all of them the work of France, and skilfully sabotaged every step that was capable of helping Abyssinia.

(5) But to the British public, blissfully unaware of all these difficulties, the situation seemed



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quite clear. It heartily favoured League of Nations intervention, and sympathized with Abyssinia. It resented the futilities of diplomacy and applauded all the attempts to mobilize the League. Feeling grew so strong that the opposition parties soon committed themselves to backing the League *à outrance*, and lifelong pacifists grew bellicose in their eagerness to coerce the Fascist dictator.

When this drift of British sentiment had become sufficiently plain, it seems to have occurred to the British Government that here they were presented with a superb opportunity for escaping from their domestic difficulties and prolonging their lease of power. By the summer of 1935 their position had grown decidedly precarious. They were faced with the necessity of going to the country for a fresh mandate in the next twelve months, and on what issue could they hope to succeed? Certainly not on the record of their achievements 1931-5. In spite of the opposition's weakness in *personnel* and leadership, the Government was losing seats at by-elections at a growing rate; and Labour leaders like Sir Stafford Cripps were openly dis-

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cussing what they would do after their victory at the next General Election.

But what if the Government could appeal to the country on a noble and patriotic policy of which practically everyone approved, of sustaining the League of Nations, of proving collective security to be a reality, and of stopping Mussolini's outrageous aggression? Could they not fairly expect a united and patriotic people to leave the execution of a national policy in the able and experienced hands of the Government, rather than swap horses in the midst of a crisis and bring in untried men, who were more interested in plunging the country into a social revolution than in upholding the honour and safety of Great Britain? Accordingly the Government determined to dissolve Parliament in the autumn of 1935, and, as it had expected, obtained a large majority for its policy of a vigorous resistance to aggression, within the framework of the League of Nations.

But no sooner had the elections been won than a curious coolness crept over official ardour on behalf of Abyssinia and the League. While it

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still ingeminated peace and security, the Government seemed more anxious to get ample funds for the next war voted. And presently M. Laval and Sir Samuel Hoare laid their heads together and produced terms of peace which they said Mussolini might consider. They reduced Abyssinian independence to a farce, and granted Mussolini substantially all he had demanded. Laval had once more proved himself a true friend of Italy; but in England this dastardly agreement provoked such an outburst of public indignation that Mr. Baldwin had to sacrifice Sir Samuel Hoare. He had to retire, as it proved temporarily, from the ministry, and Mr. Anthony Eden, who was supposed to be a sincere champion of the League of Nations, was appointed Foreign Secretary in his place. But British policy did not increase in vigour.

When Mussolini's legions, lavishly equipped with tanks and aeroplanes and poison gas and all the destructive paraphernalia of modern warfare, after building truly Roman roads for their mechanical transport, cautiously began their advance upon Addis Ababa, the wretchedly

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armed, trained, led and fed warriors of the Abyssinian chieftains could offer little resistance. The whole country was annexed, and Victor Emmanuel III, who was said to have signified his approval of the Italian adventure on the ground that if all went well he would become Emperor of Abyssinia, if not, he would become King in Italy, was duly proclaimed Emperor of Abyssinia. When Haile Selassie had fled to Jibuti, he was indeed given transportation in a British warship, but when he got to London he found there complete acceptance of the accomplished facts. Soon members of the Ministry were inquiring what was the sense of maintaining sanctions against Italy, and calling it "midsummer madness". Presently the League of Nations was entertained by the spectacle of the same Power at whose request sanctions had been voted now demanding their abolition. With that the avowed policy of the British Government had ended in shame and defeat: but the question is left open whether its avowed policy was its real policy, and whether its real policy had not been successfully concealed from the British public. Time will show.

## COLLAPSE OF LEAGUE OF NATIONS

### XVII. THE COLLAPSE OF THE LEAGUE OF NATIONS

As was pointed out in VIII the League of Nations was nothing from the outset but an elaborate piece of "eye-wash", prepared by the governments for their peoples. It was never intended by its authors to be a genuinely workable institution, or to lead on to a higher form of political organization. It was meant to express opinions agreeable to the Great Powers that pulled its strings, chiefly France, and its provisions were never allowed to operate to their disadvantage. But these Powers made the mistake, not only of never taking their creation seriously, but of showing that they did not. Quite early in its history Mussolini, who was never hypocritical about its merits, flouted it over the Corfu affair, with complete impunity.

As a preventive of war also it was impotent from the outset. In South America the Chaco War between Bolivia and Paraguay went on for three years, although both belligerents were members of the League, and were landlocked States that could not manufacture their munitions and had to import

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them through the territories of other members of the League. Despite the League, despite the mediation of the United States and other American States, the Chaco war went on till it had burnt itself out, i.e. until both the credit and the manpower of both combatants had been exhausted.

When the Japanese commenced their forward policy in continental Asia, and seized Manchuria, the League of Nations did indeed send out a Commission, headed by Lord Lytton, which issued a report that condemned Japan. But the only effect was to drive Japan out of the League of Nations, and to accelerate her aggressions upon China. One cannot but feel that Chinese policy towards Japan was both dangerous and essentially foolish, but that Britain and France must have neglected to warn the Chinese in advance to abstain from all provocation to Japan because the League would do nothing for them. True, the League members have so far steadfastly refused to recognize Manchukuo: it has been recognized only by Japan and Salvador. By the latter in consequence of a commercial treaty by which it undertook to import all its tea from Manchukuo,

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while Manchukuo granted a monopoly to Salvadorian coffee. But as the Salvadorians drink no tea and the Manchukuoans no coffee, the importance of this treaty may be overrated! For the rest of the League nations non-recognition of Manchuria only meant loss of European extraterritoriality and the closing of the "Open Door" to European trade.

The proceedings of the Disarmament Conference were a typical League of Nations farce. It had to be produced because disarmament, or at least an appreciable reduction of armaments, had been promised to an overburdened world by the victors in the Peace Treaties, and as a sort of moral justification for disarming the vanquished. But for over thirteen years nothing had happened, except that the victors continued to pile up armaments. Finally, when Germany was growing more and more restive at this plain breach of the sacrosanct Treaty of Versailles, a Disarmament Conference was called in the beginning of 1932. But when the proposals of the various Powers were examined, it was found that each of them had proposed to abolish the weapons which it

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feared (such as, in our case, submarines) and to retain those in which it put its trust (such as, in our case, tanks). Of course, moreover, every proposer knew in advance that his disarmament proposals would be vetoed by someone else. Finally, after the usual delays and searchings for face-saving formulas, the Germans put an end to the farce by walking out of the Conference and the League of Nations, and declaring that they would now re-arm too. Nothing is changed in consequence, save that "the enormous size of the Red Army", which had long served as a pretext for deferring disarmament while Russia was outside the League, is used as a ground for rearming by Germany, now that Red Russia sits in the Council of the League as the ally of France.

But the acid test of the League of Nations' value, the final and public revelation of its futility, came with the Abyssinian affair. Abyssinia from the outset made the most correct and scrupulous use of the League machinery. It quoted all the articles of the Covenant providing protection and security to members of the League, and referred to the danger of war, the determination of



## COLLAPSE OF LEAGUE OF NATIONS

the aggressor and his collective punishment. It offered arbitration and conciliation. It implored the League to send out an impartial Commission to ascertain such facts as Italy had disputed. All in vain. At the request of Britain and France all Abyssinian requests were refused or postponed till they were overtaken by the march of events.

True, when the invasion of Abyssinia had actually begun, the League of Nations declared Italy an aggressor, and, after a while, a number of Committees (of 13, 17, and other odd numbers) proposed a number of "sanctions", which were supposed to hurt Italian trade. They were solemnly voted by some fifty nations. It is relatively easy to get modern governments to strangle trade. But care was taken that the sanctions voted should *not* be those that would really hurt and would really impede Italian prosecution of the war. It happened that Italy was peculiarly vulnerable. Her campaign was based on abundant supplies of oil for aeroplanes, tanks and motor transport: but Italy produced no oil. Albania, an Italian dependency across the Adriatic, did indeed produce oil, but not enough. Moreover, all Italian

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armies and supplies had to pass through the Suez Canal, and the superior British Navy could easily have blockaded it at either end, while if the Italians had tried to send them all round Africa, the same force could have closed the Red Sea at its southern end. And, of course, all the Italian coasts were easy to blockade.

Mussolini, realizing how weak his position really was, took refuge in bluster. He threatened to declare war upon anyone who interfered with his war; but it is quite unlikely that he would have dared to do so, even upon Britain, if he had thought her Government was in earnest. It is beginning to leak out that it never was. For as early as September 9, 1935, Sir Samuel Hoare spontaneously informed M. Laval that "in no circumstances would the British Government consider any such measure as a naval blockade or the closing of the Suez Canal".<sup>1</sup>

What about the future of the League of Nations? Of course there is talk about reforming it. There will be talk, in plenty. But most of the

<sup>1</sup> So the Paris Correspondent of the *Manchester Guardian* declares.

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“reforms” proposed do not seem to have the purpose of putting genuine teeth into the Covenant, but rather that of taking out its false ones and leaving it quite edentate. Any attempt to create a League army is sure to be frustrated by international jealousies. It is very unlikely that as the result of all this talk about reform anything of importance will emerge. The only honest thing to do with the League of Nations would be to write it off the political balance-sheet as an illusory asset.

### XVIII. UNIVERSAL MISGOVERNMENT

It would appear pretty evident from the foregoing analysis that the ruled nowhere have much reason to believe in the wisdom and goodness of their rulers. In fact, in a general way misgovernment may be said to be nearly universal: whatever the professions of the rulers, and whatever the form of government is called, whether Socialist or Conservative, Democratic or Communist, it can be shown that their procedures are not conducive to the welfare of the people and the country they govern.

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Of course the governments would not plead guilty to this charge. They would contend that even though they had not succeeded in making all things for the best in the best of all possible worlds, that was not their fault, but that of some other government which had diabolically frustrated their beneficent intentions. Perhaps, however, they could be forced to admit their delinquencies, if we inquired how, on their own showing, they proposed to carry on the wars which their policies involved and must end in.

Let us ask therefore, first, how they expect to finance another war. They have raised taxation to so high a pitch in peace-time that they can hardly expect more taxes to bring in more. There is only one country in the world which could either finance a world-war or provide it with all necessities, and that is the United States; but by failing to pay their war debts, all the late combatants, except Finland, have been forbidden access to Wall Street under the Johnson Law.

Nor is their credit at home much better able to stand the strain of war. True, government securities stand high everywhere, and yield low

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rates of interest. But this is really an illusion produced by manipulation. It is due not to the goodness of government securities, but to the badness of trade. And the badness of trade is mainly the work of governments. Now when trade is bad, little capital is needed to finance it; it becomes a drug in the market. Banks and insurance companies, unable to find more profitable investments, are compelled to put their funds into Government securities, which are driven up. But with the advent of a big war there would be such a slump that these artificial values would vanish over night.

Neither can the governments hope to raise the wind by depreciating their standards of value.<sup>1</sup> They have done this so often and so recklessly that their standards no longer stand for anything that has intrinsic value: sterling, for example, stands high only so long as a belief is entertained

<sup>1</sup> If they tried expedients like forging each other's bank notes (or postage stamps), from which they only refrained in the last war because their bankers warned them that they would thereby speedily stop the war by discrediting *all* paper money, they would only curtail the time they could wage war.

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that the British Government will do nothing rash to depreciate it. But if it began paying its war expenditure with paper money, it would find, as the Germans found in 1922-3, that paper money could depreciate faster than it could be printed.

A government at war must however concern itself, not only with finance, but also with manpower. And it is precisely in this vital concern that all our governments have failed. They have been spending untold millions on armaments and fortifications, but in so doing have heedlessly deteriorated the conditions of life for their subjects. They have rendered them so unattractive that it has become dubious whether they will be able to get cannon-fodder enough to carry out their designs.

That is the interpretation which has to be put on the fact that ever since the last war the birth-rate among civilized nations has been sinking steadily, and is now so low that before long population must begin to decline. In *The Struggle for Population* Mr. D. V. Glass finds that "biologically our population declined by 25 per cent. in

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each generation, and very soon the effects of this decline in our net reproduction rate will be seen in an absolute decline in numbers".<sup>1</sup>

That this process is of the utmost social and political significance is plain. At present it is confined to the civilized white peoples. It has not yet affected the Japanese, Chinese, Indians and Africans. Secondly, the decline of the birth-rate is most marked in the most valuable parts of the population, the professional classes and brain-workers, who are failing to reproduce as much as half their numbers in the last generation, while the feeble-minded and undesirables supply far more than their share of the next. In most countries no attempt is made to check this process, and even in Italy and Germany it is doubtful whether the eloquence, exhortations and legislation of Mussolini and Hitler will have the desired effect. Yet unless something effective can be done any world-control by any of the white peoples becomes a chimera.

<sup>1</sup> This date Dr. E. Charles puts no further off than 1940. See the *Eugenics Review* for Jan. 1936, p. 301.

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### XIX. ARMAGEDDON II?

UNDER these circumstances it hardly seems doubtful that a world so maladjusted and misruled will sooner or later find itself at war again: it will fall into the clutches of Armageddon II. Nor is it likely that the next world-war will be less destructive of civilization and its values than the last. It is pretty sure to be much worse. For by the time it is over it is probable that every large town in Europe will have been bombed and burnt. Indeed, it may put an end to the civilization of the European races altogether, unless America has the wisdom and fortitude to keep out of it.

But, although the advent of Armageddon II seems certain, it is singularly difficult to forecast between what parties it will be fought. All one can say at the time of writing is that it seems highly improbable that France and Germany will be found on the same side—but even that is conceivable. What if France and Italy, after partitioning the Mediterranean Basin, lured Germany into joining in a grand attack on the British Empire by a promise of part of the spoil? The



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British Empire represents a vast amount of loot, enough to satisfy a number of appetites. But we may perhaps credit our Foreign Office with diplomatic skill and foresight enough to prevent the formation of such a dangerous combination. But short of this anything seems possible. Shall we fight again to preserve French hegemony in Europe? Or to assure the world-wide triumph of Russian Communism? Shall we fight with, or against, Germany, Italy, and Japan?

The reason why prediction seems so uncertain is that not only are the external relations of the Greater Powers fluid and variable, but that they are one and all unstable internally. Any sort of revolution might occur anywhere. Under stress of war (successful or otherwise) Russia might easily revert to a reactionary militarism: *per contra* the Italian and the German systems might easily develop into a communism, to which their methods have such affinity. If France continues on her present course to the left, association with her might become intolerable to a Conservative British Government: conversely, if she veered to the right her ways would become anathema to a

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Socialist *régime* in Britain. In Japan the economic strain of her theocratic militarism might become unbearable, and she might lapse into chaos overnight. Conversely, Japanese bullying might finally hammer a real national unity into the discordant provinces of China. Asia, which has always had a curious knack of producing great personages at intervals, might at any time upset all reasonable expectations by another Jengis, or Timur, or Akbar.

By reason moreover of the reaction of internal affairs on external relations it would be a mistake to assume that nationalism must form the spiritual background of all future wars as it has done of the last. Armageddon I may indeed prove to have been the last of the series of national wars, and the dominant issues of the next war may be social and economic rather than national.

Certainly this would be quite in accordance with historical precedent. For though the human race has always fought wars, to gratify, and to abate, its innate pugnacity, the pretexts alleged for ennobling war have varied considerably, from sport (such as head-hunting and knight-errantry)

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and plunder to religion. Moreover, common sense, though it is never strong enough to stop a war, often causes a revulsion from one pretext to another when the atrocity of a war has exceeded certain limits. Thus the capacity of religion to set Christians fighting each other abruptly ceased with the 'Thirty Years' War, after which the religious motive was dropped by common consent: there followed a long series of wars fought chiefly for dynastic reasons.

Now it seems to be about time that nationalist wars came to an end. For several reasons they have become obsolete. Inherently nationalism is a poor reason for fighting, because in practice a common nationality means little more than the use of a common language; as several languages may be learnt it is quite easy to acquire several nationalities. Secondly, the various "nationalities" are so numerous and so intermingled in many parts of Europe that no completely national and homogeneous state can be constructed without great injustice to large portions of the population. The "minorities problem" will never be soluble on nationalist lines. Thirdly, if nevertheless

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Europe were to be partitioned strictly according to the principle of nationality, the units would be so small that they could never prosper. Even as it is the European States are undersized and over-differentiated; they are steeped in nightmare memories of their ancient and unforgotten blood-feuds. The only sensible thing for them to do would be to adopt a federal constitution and to form a United States of Europe which would provide a trade area large enough for its inhabitants to prosper. Lastly, the really important problems of modern politics are economic, and the really vital economic issue has already been raised. It is therefore entirely probable that Armageddon II will be fought on the issue of Capitalism *versus* Communism, and that on this issue every country will be internally divided.

After that what? The foundations are already being laid for what may well prove to be the most horrible and destructive of all wars, namely race-wars, taken, not in the pseudo-scientific sense which Hitlerism has popularized in Germany, but as the uprising of the natives of Asia and Africa against their European rulers. Such

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race-wars might very well be started by the native troops of European Powers at the end of a world-war.

Can the British Empire hope to survive an era of race-wars? Seeing that the Empire contains hundreds of millions of Asiatics and Africans, this hardly seems possible. But the forecasting of history can never become an exact science, because the emergence of great men is always a possible source of contingency. We may perhaps comfort ourselves with the recollection that, only a few years after the disgraceful defeat of the British Fleet by the Dutch, an Anglo-Dutch army, led by the greatest military genius the country has produced, Marlborough, shattered Louis XIV's dream of world-hegemony, and raised Britain to the dominant position in world affairs which she has ever since retained. So England may after all be saved, as by a miracle, by another Churchill! But would it not be wiser so to conduct our affairs that miracles would not be needed?





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